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FORTY-NINTH SESSION

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FIFTH COMMITTEE
14th meeting
held on
Wednesday, 9 November 1994
at 10 a.m.
New York

SUMMARY RECORD OF THE 14th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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ORGANIZATION OF WORK

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25 November 1994

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/49/16 (part II), A/49/34, A/49/98, A/49/336, A/49/418, A/49/471 and A/49/560; A/C.5/49/1)

1. Mrs. MASKEY (Nepal) said that the delegation of Nepal welcomed the report of the Secretary-General on the restructuring of the United Nations Secretariat (A/49/336) and his efforts to establish an integrated Department of Administration and Management, to restructure the political and humanitarian sectors of the Organization, and to integrate the social and economic dimensions of development. In the latter area, a positive impact on programme delivery was to be hoped for.

2. Nepal also supported the initiative to establish a transparent and effective system of accountability and responsibility by January 1995, as described in the Secretary-General's report (A/C.5/49/1). The proposed system of accountability provided managers with the means of doing their jobs and could also be used to measure their performance. It must operate at every level of the Secretariat if it was to change the Organization's management culture. Since the system must win the support of all staff members, the efforts of the Secretariat to develop a "motivation culture" based on rewards and sanctions were welcome. It was important, however, for the proposed personnel evaluation system to ensure impartial performance appraisal. The plan for further training of all staff members in financial and administrative matters was also welcome.

3. Independent internal oversight mechanisms were essential to the effectiveness of the new system of accountability. The delegation of Nepal therefore commended the work done by the Office for Inspections and Investigations and the establishment of the new Office of Internal Oversight Services, which must be provided with increased financial and human resources. It also endorsed the recommendations for improving oversight functions made by the Board of Auditors contained in the note by the Secretary-General (A/49/471). It agreed that the Board's finances should be put on the same basis as those of the Office of Internal Oversight Services.

4. In its report (A/49/418) the Ad Hoc Intergovernmental Working Group of Experts established pursuant to resolution 48/218 A made recommendations for dealing with the alleged fraud and irregularities in the United Nations. The recommendations, especially the ones on preventive action and prompt punishment of guilty parties, merited support.

5. Mr. ALOM (Bangladesh) said that his delegation always supported any initiative to make the United Nations more efficient, but the management culture and staff attitudes, motivation and working habits could not be changed overnight. The objectives of the restructuring should be clearly worked out and the process completed within a set time-frame. Excessive delay would produce instability and an adverse effect on staff morale. The commitment of Member States was essential to the success of the undertaking.

6. Bangladesh supported the principle of decentralization and looked forward to the Secretary-General's proposals in that area. But authority must be commensurate with responsibility, and a balance must therefore be struck between decentralization and delegation of authority, on the one hand, and central monitoring and control of resources, on the other. It was important to have efficient oversight machinery to monitor the restructuring, and continual guidance by Member States would also be prudent. Member States expected the highest standards in all the areas under discussion. It was therefore essential to establish accountability at all levels and to ensure transparency in programme activities, especially by means of international competitive bidding and contract evaluation. Furthermore, recruitment policy and procedures must produce equitable geographical representation in the Organization.

7. The restructuring must be carried out in accordance with the resolutions of the General Assembly, and there must be consultation with Member States and intergovernmental bodies. Regrettably, some big changes had been made in the structure of the Secretariat without such consultation. It should also be noted that the Integrated Management Information System (IMIS) had an essential role to play. Finally, his delegation endorsed the comments of the Board of Auditors and the Joint Inspection Unit (JIU), particularly with regard to oversight machinery and the involvement of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in the Board's review process.

8. Mr. ABDELLAH (Tunisia) said that the Tunisian delegation welcomed the restructuring of the United Nations and improvement of its efficiency. However, the changes were not ends in themselves but rather means of ensuring a better response to the new demands. Time constraints had made it difficult for the Secretary-General to submit an analysis of the programme implications of the restructuring, but several departments had been reorganized, in particular the Department of Peace-keeping Operations, and a substantial improvement had been made in the planning and management of field operations. It should be noted, however, that financial difficulties might obstruct the launch of future operations.

9. The Tunisian delegation noted the frank acknowledgement of the difficulties connected with the transfer of the support structures for economic activities to Geneva. It was sure that everything would be done to remove those difficulties and to implement the trade and development programmes.

10. The establishment of the Office for Inspections and Investigations was welcome, for such services could only enhance the Organization's activities. It was in that belief that Tunisia had joined in the consensus on resolution 48/218 B.

11. Tunisia had always supported the development of Nairobi as a United Nations headquarters city. Some of the measures taken in 1993 were welcome, but the operating rules for the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (Habitat) required further clarification, especially in the context of the new management culture. It endorsed the Secretary-General's comments about closer collaboration between

UNEP and Habitat contained in paragraph 170 of his restructuring report. The positive tone of the discussion of the United Nations Office at Vienna was also welcome, in particular the indication that other activities might be transferred to Vienna.

12. The establishment of a transparent and effective system of accountability and responsibility was an excellent move, and the useful recommendations made by the Ad Hoc Intergovernmental Working Group of Experts warranted positive consideration.

13. Mr. WANG Xhexian (China) noted that the restructuring of the Secretariat had been made necessary by the numerous new challenges being faced by the United Nations, and by the increase in the Secretariat's workload as a result of changes in the world situation. His delegation noted with appreciation that, as part of the restructuring exercise, the Secretary-General had decided to set up three departments in the political and humanitarian sectors and three in the economic and social sectors, thus demonstrating his view that the Organization should approach its objectives in respect of economic and social cooperation and development with the same sense of responsibility and urgency as its commitments in the political and security area. It was to be hoped that the six departments would be treated equally in terms of resources, thus enabling them to make major contributions to the economic and social development of developing countries.

14. While the Secretary-General's decision to set up a department specifically geared to providing support and services to developing countries in the fields of management, institution building and human resources development was both necessary and in conformity with the requests of developing countries, the Chinese delegation regretted that, in the course of restructuring, the scope of the functions of that department had shrunk and that its resources, both human and financial, were woefully inadequate. It was to be hoped that the Secretary-General would take prompt measures to resolve that problem to enable the department to perform its functions effectively for the benefit of the social and economic development of developing countries.

15. As the Secretary-General himself had pointed out, the task of Secretariat reform was an ongoing one in which periods of reform must alternate with periods of consolidation. The reform and restructuring of the Secretariat had been in progress for more than two years and the time had come for appropriate consolidation, with no further major structural changes being made in the near future. That would reassure the staff of the Secretariat and improve their morale, and would also enable the Member States to make a comprehensive evaluation of what had been achieved.

16. The Chinese delegation welcomed the Secretary-General's proposal to establish an effective and transparent system of accountability and responsibility for programme managers but pointed out that the establishment of such a system was a means rather than an end, the ultimate purpose being to ensure that the staff of the Secretariat conscientiously acted in accordance with the purposes and principles of the Charter, implemented the decisions of the General Assembly and served the Member States to the best of their ability.

The newly established Office of Internal Oversight Services would assist in ensuring satisfactory performance of duties by all the Secretariat staff.

17. However sound the institutional and working arrangements might be, the United Nations could not work effectively without a stable financial basis; the Chinese delegation therefore called on all Member States to endeavour to pay their assessments on time and in full. In particular, those major contributors that were in arrears should show political good will and pay their arrears as soon as possible in order to assist the Organization to resolve its current financial difficulties. In the future, the United Nations should act within its means, especially in peace-keeping operations, and pay particular attention to the true effectiveness of each operation and to the ability of Member States to bear the burden of such activities.

18. Mr. DEIR (Myanmar) commended the Secretary-General for his prompt response to the General Assembly's request for the establishment of a transparent and effective system of accountability and responsibility and urged him to expedite the revision of reference texts, including the Organization Manual, the code of conduct, the Personnel Manual, the Financial Rules, the Field Administration Handbook, and related procedural manuals. The ready availability of those texts would greatly facilitate the transparency of the Organization, an element which could not be overemphasized.

19. For its part, the delegation of authority in the form of empowerment to utilize human and material resources, expend financial resources, and make the decisions required to deliver mandated outputs should be commensurate with the attribution of responsibility and accountability.

20. Over the years, the United Nations had lacked an effective system of deterrents against potential wrongdoers among its personnel. Now more than ever, the system of reward for good conduct and performance and punishment for dereliction of duty, incompetence and the wilful infringement of rules and regulations had become indispensable. In rewriting the formal United Nations code of conduct, the Secretariat should solicit suggestions from all other appropriate United Nations institutions, including the specialized agencies and the Bretton Woods institutions. The revised code should be applicable not only to international civil servants but also to those serving in peace-keeping operations. The revision should also encompass the problems of fraud and other criminal activities.

21. His delegation endorsed the report and recommendations of the Ad Hoc Intergovernmental Working Group of Experts contained in document A/49/418. It also welcomed the candid report of the Office of Inspections and Investigations contained in document A/49/449. The lack of resources to enable the Office to function effectively was, however, a cause of concern and the current state of affairs should be rectified as a matter of the highest priority.

22. With regard to the consideration of a jurisdictional and procedural mechanism for addressing alleged cases of fraud in the United Nations, all necessary care should be taken to avoid further proliferation of subsidiary

bodies and the concomitant duplication of functions and waste of funds. Consideration should therefore be given to expanding the areas of competence of existing mechanisms, such as the Administrative Tribunal of the United Nations and the Joint Disciplinary Committee, to enable them to cope with the additional problems under discussion. Provision should also be made for transferring appropriate cases, where necessary, to the national courts of Member States, especially those of which the staff member was a national and/or in whose territory the wrong had been committed. Apart from purely civil cases, it might be necessary to resort to national courts for criminal offences. It was essential to ensure that anyone accused of gross misconduct enjoyed the rights of due process, adequate defence and appeal.

23. The United Nations could not resolve the kind of new and unprecedented problems it was facing with rigid staff rules and regulations which did not lend themselves to a continuous process of review and revision. Although amendments to rules and regulations might be necessary, they were not sufficient to prevent malfeasance and misappropriations. Periodic reorientation seminars to instil fresh motivation and the proper attitude in staff members would also be required to achieve the desired management culture within the Organization.

24. Mr. WORONIECKI (Poland) said that there was a direct link between the disciplined payment of assessed contributions and the efficiency of the use of resources by the Organization. That link should not become a vicious circle which jeopardized the implementation of the objectives of the Organization. Equally important was the need to ensure that the demands of programmes were matched by the resources to implement them.

25. The report on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1*), together with the subsidiary reports contained in documents A/49/301, A/49/310 and A/49/449, augured well for improvements in the frequently criticized management culture of the Organization. His delegation welcomed the political will which the Secretariat had shown in introducing the new system. Any system of managerial accountability and responsibility, however, must be complemented by the clear delegation of authority both at Headquarters and in the field.

26. Success in fostering a new management culture throughout the system depended on such factors as effective decentralization and enhanced accountability at all levels; transparency and flexibility in delineating mandates for the use of resources; improvement in the quality of human resources through implementation of the new performance appraisal system, training and retraining, rewarding or penalizing staff members, and giving managers greater authority to hire and fire. In forging the new management culture, it must be remembered that people determined the success or failure of any management reform. Clearly, the United Nations could not simply copy the practices of the private sector, although some of them might possibly be adapted to the United Nations context. The question was how to make United Nations managers manage and not simply administer their programmes.

27. The efficient functioning of the Organization was affected not only by endogenous factors but also by exogenous ones, especially the guidance which the Secretariat received from Member States. While it was easy to subject the Secretariat to otherwise well-deserved criticism, it was less popular for Member States to engage in self-crit'cism with respect to the coherence, clarity and self-sustainability of the mandates they approved and the reports they requested of the Secretariat. Member States should refrain from demanding the impossible from the Organization unless they were prepared to make the necessary resources available to it.

28. New accountability procedures should not overburden the Organization and thereby hinder actual programme delivery. An appropriate balance must be struck between the need for controlling and monitoring by the central administration and the delegation of authority and responsibility to managers for the implementation of programmes and use of resources. Moreover, the current structure of the intergovernmental machinery often did not reflect current priorities. For example, human rights and humanitarian affairs, including emergency assistance, ranked low among the Organization's priorities. Organs responsible for programming, budgeting and system-wide coordination also needed to interact more effectively in order to expedite the work of the Fifth Committee and other bodies.

29. The new system of accountability should facilitate redeployment of resources to new or higher priority activities. What had to be decided was the extent to which decisions should be left to programme managers and what the prerogatives of intergovernmental bodies should be.

30. Poland fully supported the recommendation contained in document A/49/301 that the medium-term plan should be the Organization's basic strategic document for four rather than six years. It was also crucial for the success of programming and management that the objectives and expected results of each subprogramme should be identified. Moreover, the number of subprogrammes should be drastically reduced in the interest of consolidation and the elimination of "dead wood". If those preconditions were met through the joint effort of Governments and the Secretariat, the new format might indeed enhance strategic planning, permit the establishment of a link between the objectives to be formulated and the allocation of resources among programmes, and allow for the evaluation of results.

31. His delegation welcomed the Secretary-General's intention to maximize the cost-effectiveness of resources committed and to conduct a review in order to ascertain the extent to which further efficiency gains from cost-effective measures could be realized without any negative impact on the fulfilment of mandates. It also commended him on his selection of priorities and his intention to further strengthen the internal oversight functions of the Organization.

32. Internal controls were another prerequisite for the success of the proposed decentralization plan in which greater accountability and responsibility must accompany greater authority. The critical role of such controls in implanting

the new system resulted from the need to monitor the process and not merely to investigate and police the implementation of programmes. Close cooperation between internal and external oversight bodies represented the best available guarantee of effective controls within the Organization. Poland looked forward to greater transparency and a more coherent policy, including a more representative network of suppliers of the goods and services required for peace-keeping operations and other field missions. Indeed, contracting and procurement was one of a number of areas in which significant improvements were needed if the United Nations and its organizations were to secure better value for money.

33. A breakthrough in the efficiency of the functioning of the Organization would perhaps be the best gift which the Organization could offer both to its Members and to itself. On the eve of its fiftieth anniversary, it was crucial to improve the Organization's ability to cope with current and future strategic objectives and priorities. The establishment of an effective system of accountability and responsibility would contribute to the creation of the mission-driven and results-oriented Organization to which the world community as a whole aspired.

34. Mr. ORANGE (Belarus) said that the reform of the United Nations to improve the efficiency of its functioning had entered a qualitatively new stage. Without radical and consistent reforms the Organization would be unable to respond effectively to contemporary challenges or serve as a reliable tool for guaranteeing peace and security. But the United Nations was such a complex organization that the restructuring process had to address an organic unity consisting of many different components. As to the effectiveness of the changes for the Organization, only time would tell; but due consideration must be given to continuity as one of the most important elements of the restructuring. Furthermore, the reforms must not impose any undue strain on the already overburdened budget, and the restructuring must be linked to programme activities and their concrete results. In that regard the Secretary-General's restructuring report was somewhat vague, and, as noted at the thirty-fourth session of the Committee for Programme and Coordination (CPC), the implementation of a number of programmes was threatened by various organizational and financial difficulties.

35. The establishment of a transparent and effective system of accountability and responsibility, with feedback between the Secretariat and Member States, was an extremely difficult task which could not be accomplished without a stronger oversight system. Accordingly, the action taken by the Organization to strengthen oversight operations amounted to a positive achievement in the enhancement of efficiency. But it was not sufficient simply to create new offices and units which would undoubtedly duplicate each other. The existing machinery must also be strengthened and adapted to the changes in the functioning of the United Nations. Accountability and responsibility could not be improved without the training and retraining of personnel. Decentralization and delegation of responsibility certainly opened up new possibilities but they must be accompanied by more stringent oversight at all levels.

36. Some delegations had rightly pointed to the need to give due attention to "risk zones" in the Organization's activities. The problems of peace-keeping operations constituted one such zone: the United Nations could avoid serious mistakes in the planning and conduct of the operations only by taking a comprehensive approach to them. His delegation could support any initiatives to enhance evaluation, control and forward-planning in peace-keeping operations. The establishment of an independent group of experts to review procurement procedures would be a timely and correct step.

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (A/48/516 and Add.1, A/48/572, A/48/587; A/49/5 (Vols. I-IV) and Add.1-9, A/49/214, A/49/348 and Add.1-2, A/49/368 and Corr.1 and A/49/547)

37. Mr. KUZNETSOV (Russian Federation) said that the financial statements and the conclusions of the Board of Auditors provided a basis for assessing the effectiveness with which the resources provided by Member States had been used by the organizations of the United Nations system. The activities of the Board of Auditors thus provided an essential mechanism for external financial and administrative control and helped to uncover cases of the misuse or negligent use of resources. Consequently, the Board's activities should be further enhanced.

38. It was encouraging to note that the Board had not confined itself to noting cases of the inappropriate expenditure of funds but had also recommended remedial measures. The shortcomings identified by the Board in such areas as budgetary expenditure, procurement and publishing were a cause of great concern.

39. In its report (A/49/214) the Board mentioned that it had received information concerning 74 cases of fraud or presumptive fraud involving a total of almost $2 million in nine organizations during 1992-1993. It was to be noted in that context that the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A had indicated in its report (A/49/418) that the Secretariat gave an extremely narrow interpretation of the term "fraud". In the view of his delegation, the Secretariat, in considering the new mechanisms of internal control, should address that problem and find an adequate definition of the terms "fraud" or "presumptive fraud". It was surprising that the Secretariat did not regard fraud as including waste, abuse, property loss or misleading financial information. That being so, his delegation wondered how cases of unauthorized food purchases for unduly high prices, plundering of mission vehicles, apparent overpayments on fuel and many other facts revealed by the Board should be characterized.

40. His delegation welcomed the submission of separate reports on peace-keeping operations. The key problem identified by the Board of Auditors was the unhealthy situation with regard to procurement, about which many delegations, including his own, had been expressing serious concern for over 12 months. The apprehensions of Member States had been fully confirmed by the conclusions drawn by the Board. In general, his delegation supported the recommendations of the

Board for eliminating the shortcomings in that area and welcomed the measures apparently being taken by the Secretariat with a view to ensuring greater fairness, impartiality and transparency in the procurement process.

41. While generally supporting the Board's proposal for the involvement of high-level professionals in the procurement of goods and services for the United Nations, his delegation felt that care needed to be taken to avoid the obvious conflict of interest involved in recruiting to the Secretariat procurement units employees from the companies which were the suppliers of goods and services to the United Nations.

42. His delegation agreed with the Board's conclusions on the need to eradicate bureaucratic tendencies in the Committee on Contracts and to restructure its operations. Members of that Committee should be accountable for their decisions on contracts or procurement. Further attention should be given to the distribution of duties and functions between Headquarters and field missions in the area of procurement, including the financial allocations for procurement purposes and the list of goods and services dealt with by Headquarters or by the missions.

43. His delegation found the conclusions and recommendations of the Board of Auditors with respect to other areas of the Organization's activities to be extremely interesting and deserving of the Administration's attention, particularly those dealing with the publishing services, technical cooperation activities, staff costs and conference services. Also of interest were the Board's conclusions concerning cash management, especially the issue of maximizing interest earnings on idle cash resources.

44. In view of the importance of putting the Board's recommendations into effect, his delegation welcomed the importance attached to that matter both by the Board itself and by ACABQ, to which reference was made in paragraphs 34 to 36 of the Advisory Committee's report (A/49/547).

45. Mr. FLORENCIO (Brazil) commended the quality of the reports prepared by the Board of Auditors and said that the recent establishment of the Office for Internal Oversight Services would further enhance the relationship between external and internal controls. His delegation welcomed the fact that, in accordance with resolution 47/211, a report containing the main findings and conclusions of the audits had been issued (A/49/214). The issuance of a separate report on peace-keeping operations was fully justified, particularly in view of the size of the peace-keeping budget.

46. Procurement was a source of concern for Member States, particularly since the large sums involved generated a substantial market for providers of goods and services from different Member States. However, the problems identified by the Board of Auditors were not restricted to peace-keeping operations but also affected expenditures under the regular budget and the programme of technical cooperation. The shortcomings identified in connection with peace-keeping operations were therefore part of a larger problem that stemmed largely from the fact that the Organization lacked a management culture designed to ensure

impartiality, transparency and open competition. His delegation particularly welcomed the establishment of an intergovernmental working group to analyse all aspects of the problem. The recommendations concerning procurement procedures should be endorsed by Member States. Few exceptions should be made to the rules governing bidding processes; where exceptions were absolutely necessary, the reasons justifying them should be provided and the manager responsible for the decision should be held accountable for it. In the view of his delegation, the main problem lay in the narrow range of suppliers, which, as the Advisory Committee had pointed out, created an environment in which it was unlikely that the best value for money could be obtained. Not only was the roster of suppliers limited but it was rarely updated, and suppliers were well aware that there would be no systematic quality control on the goods and services delivered to the Organization.

47. Remedial action to deal with those shortcomings might be conceived along the lines set forth in the Brazilian Constitution, which specified that government departments and agencies must give full publicity to all transactions involving the purchase of goods and services. In the United Nations, invitations to submit tenders should be widely advertised and rosters of suppliers and summaries of all contract reports circulated among Member States in much the same way as was done for vacancy announcements.

48. There was reason to believe that companies from developed countries were overrepresented in the list of suppliers. Considerations of equitable geographical distribution should not be stressed at the expense of the best value for money. It was widely known, however, that companies from developing countries occupied a sizeable share of the most competitive markets and they should not be prevented from supplying the United Nations where they were able to meet requirements concerning price, quality and timely delivery.

49. His delegation had noted the comments of ACABQ regarding the allocation of the work and resources of the Board of Auditors. His delegation was concerned, however, that frequent additional requests for auditing activities should not unduly impinge upon the Board's programme of work.

50. His delegation shared the view of the Board of Auditors concerning the terms of office of its members and agreed with the timetable suggested in document A/49/368 and its corrigendum.

51. Mr. ALOM (Bangladesh) said that the reports of the Board of Auditors were thought-provoking and underlined the need for proper follow-up of its recommendations on the Secretary-General's efforts to improve management efficiency. It was worrying that the Board had qualified its opinions on the financial statements of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), among others, and on peace-keeping operations. It was also worrying that there had been no proper physical inventory of property at Headquarters since 1987. Efficient procurement and inventory procedures were essential means of safeguarding the Organization's financial interests. The General Assembly adopted similar resolutions on the topic almost every year, but the situation did not change.

52. His delegation would welcome full implementation of the Board's recommendations on procurement practices. The proposed review of procurement policy and procedures by an independent group of experts was also welcome. The procurement of services, particularly consultants for peace-keeping, must be kept to a minimum. The Board rightly noted that in such procurement due regard had not always been paid to equitable geographical representation.

53. The United Nations played a critical role in ameliorating the political, economic and social situations in Member States. All Members should therefore remain committed to efficient management in the implementation of the Organization's mandates.

ORGANIZATION OF WORK

54. The CHAIRMAN informed the Committee that he had received a communication from the President of the United Nations Staff Committee requesting access to address the Fifth Committee at the present session under agenda item 113. He had also received the communication from the President of the Federation of International Civil Servants' Associations (FICSA) requesting, on behalf of the Federation, access to address the Committee under agenda item 114.

55. In the light of developments in the composition of the staff representative body since the adoption of General Assembly resolution 35/213, the Administrative Committee on Coordination (ACC) and its subsidiary body, the Consultative Committee on Administrative Questions (CCAQ), as well as the International Civil Service Commission, had allowed the Coordinating Committee for International Staff Unions and Associations (CCISUA) access on an equal basis to that granted to FICSA.

56. He therefore suggested that, in accordance with the practice of the Committee at previous sessions of the General Assembly, it might wish to invite the representatives of CCISUA and the representative of FICSA to make oral statements in connection with items 113 and 114.

57. It was so decided.

58. Ms. PEÑA (Mexico), speaking as the coordinator for agenda items 127 and 130, said that, during the informal consultations at the last session, the Secretariat had made available to the Committee additional budgetary information which had not been submitted to the Advisory Committee on Administrative and Budgetary Questions. She had been asked to request the Chairman of the Fifth Committee to seek the views of the Chairman of ACABQ on the information provided, if possible at the next informal meeting.

59. The CHAIRMAN said that, as an exceptional measure and with the aim of facilitating a consensus, he would, if the Committee so wished, invite the Chairman of ACABQ to attend the next informal meeting, at which time he could discuss that Committee's recommendations in document A/49/501 in the light of the additional information provided by the Secretariat.

60. It was so decided.

The meeting rose at 12.20 p.m.

UNITED NATIONS

General Assembly

FORTY-NINTH SESSION

Official Records

FIFTH COMMITTEE
15th meeting
held on
Thursday, 10 November 1994
at 10 a.m.
New York

SUMMARY RECORD OF THE 15th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 113: HUMAN RESOURCES MANAGEMENT

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of the publication* to the Chief of the Official Records Editing Section, room DC2-794, 2 United Nations Plaza, and incorporated in a copy of the record.

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 113: HUMAN RESOURCES MANAGEMENT (A/49/176 and Add.1, A/49/219 and Add.1, A/49/406, A/49/445, A/49/527, A/49/587; A/C.5/48/37 and Add.1, A/C.5/48/45; A/C.5/49/5, A/C.5/49/6 and Corr.1 and Add.1, A/C.5/49/13, A/C.5/49/14)

1. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the Organization was facing serious problems in terms of the morale, capability and dedication of its staff and that in order to address those problems it was necessary to rekindle in every staff member a sense of pride in serving the United Nations. To that end management must be improved and staff development encouraged. That would involve a change in the management culture and in the system of justice, from adversarial to supportive. Efforts should focus on removing the causes of dispute.

2. On a positive note, the current strategy to reform human resources management and the system of administration of justice had the support of the staff, and a good beginning had been made. The reports before the Fifth Committee represented the first step in remedying management shortcomings and in developing the Organization's main asset - its staff.

3. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management) said that management of the Organization's human resources, to which more than three quarters of its financial resources related, had a direct impact on the Secretariat's efficiency, effectiveness and responsiveness to mandates. The question was thus at the cutting edge of change within the global Secretariat. The reports before the Committee would enable it to look ahead to the creation of a modern human resources management system and a new management culture.

4. The report on the composition of the Secretariat (A/49/527) indicated a decrease in the number of both unrepresented and overrepresented countries, with a corresponding increase in the number of Member States within range. The report on the improvement of the status of women in the Secretariat (A/49/587) reflected the progress towards the achievement of gender balance and outlined initiatives required to achieve the goals set by the Secretary-General. While 33 per cent of posts subject to geographical distribution were held by women, special efforts would be needed to achieve the target set for 1995. The Secretary-General indicated a number of measures in that regard, including succession planning, networking, and the use of search agencies to target women candidates, including those from unrepresented and underrepresented countries. The report on staff training (A/49/406) detailed all training activities in the current biennium, while the report on human resources management policies (A/49/445) provided a retrospective of the activities of the Office of Human Resources Management (OHRM) during the reporting period.

5. The report on the reform of the internal system of justice (A/C.5/49/13) set out a series of steps to address the current inadequacies in the system. The entire process must be simplified and rendered more transparent, thus making

it possible to contain costs and increase effectiveness to the satisfaction of both management and staff. The approval of the General Assembly would be sought in respect of various new concepts, which would then be refined on the basis of guidance from the Assembly in consultation with the Office of Legal Affairs. The proposals emphasized the early reconciliation of differences through such mechanisms as ombudsman panels to mediate disputes. It was also proposed to transform the Joint Appeals Board into an arbitration board, staffed with full-time professionals as opposed to volunteers. Full-time professional handling of disciplinary cases was also proposed. The changes were expected to result in a more responsive and efficient system of reconciliation and discipline.

6. The strategy for human resources management identified a series of interrelated initiatives for improving management in the Secretariat. The key elements were human resources planning, career management, development of a responsive management culture, good staff-management relations, performance appraisal, enhanced attrition and delegation of authority to programme managers. Human resources planning must be tied to the Organization's overall strategy and be responsive to specific mandates. Improved planning capacity would make the Organization better able to anticipate vacancies and identify the best persons to fill them.

7. The development of a supportive and responsive management environment was critical. Staff members must be empowered to contribute to their maximum potential. Training of managers must facilitate such empowerment, so essential to a new culture in which management embraced communication, supportiveness, transparency and participation. Training would be increasingly geared to meeting organizational requirements, career growth and developing competencies that would underpin productivity, promotion and mobility.

8. The changing management culture had already led to enhanced staff-management relations. The dialogue on the reform of the system of justice had been particularly productive, and it was expected that the work of the Joint Advisory Committee and of the Staff-Management Coordination Committee would also benefit. Staff representatives would be consulted and involved in all aspects of implementing the proposed human resources management strategy.

9. The new performance appraisal system, to be introduced in 1995, was central to better management. A pilot project had already been conducted, and the results were now being reviewed. The new system called for training of both managers and other staff members. By introducing goal-setting and work-planning, the new system would require both managers and staff to establish jointly the work to be accomplished. The manager must determine that the work was consistent with the departmental goal and the medium-term plan. The system would also help to identify staff strengths and weaknesses, and suggest appropriate action. It would initiate a dialogue between manager and staff, and oblige managers to measure performance against standards that were meaningful to the work of the Organization.

10. Many functions would be delegated to programme managers in order to eliminate unnecessary communication and clearance procedures. That would allow

OHRM to focus on priority areas, including planning and vacancy management, policy development, performance appraisal and management audit.

11. The strategy also included greater use of a buy-out/early retirement option, to enable management to better satisfy needs for greater staff turnover, skill re-engineering, enhanced manager leadership and morale building. In particular enhanced turnover at the top of the General Service, Professional and Director grades would provide greater flexibility, allow for promotion of competent staff, improve human resources management and enhance productivity.

12. The pace of change was accelerating. Political changes in the role of the Organization had not been matched by corresponding management changes. Several of the reports before the Committee reflected the Secretary-General's vision for the development of a modern human resources management system, instead of providing a mere retrospective of past performance. With the support of the Committee, the Secretariat could work towards additional improvements for the biennium 1996-1997. At that time it was hoped to present a restructured Office of Human Resources Management with the focus on service. It was intended to create special teams within OHRM to plan and effectively support United Nations human resources world wide.

13. In implementing the changes, OHRM, provided that it was equipped with the tools, intended to become the driving force of a modern management system, in the conviction that the optimal management of the Organization's greatest asset - its human resources - represented the best means of enabling the United Nations to meet its changing and complex mandates in the years ahead. The Committee's support in initiating such changes, including the provision of adequate resources, was critical.

14. Mr. SEVAN (Assistant Secretary-General for Conference and Support Services and United Nations Security Coordinator) said that the report on respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations (A/C.5/49/6 and Add.1 and Corr.1) was submitted by the Secretary-General on behalf of and with the approval of the Administrative Committee on Coordination (ACC). The report highlighted matters of serious concern to ACC and was based on information provided by United Nations organizations. It covered the period from 1 July 1993 to 30 June 1994, but all cases involving the death of a staff member up to 3 October 1994 had been included.

15. There was increasing concern about the safety and security of staff members because in some countries their work for the United Nations meant that they were the targets of attack. The issue was one of paramount importance to the Secretary-General and the executive heads of all the organizations concerned, as well as to the staff at large. The United Nations was conducting an increasing number of complicated operations, often in a hostile environment. If staff members were willing to risk their lives to achieve the goals of the Organization, they must be fully protected. Paragraphs 7 and 17 of the report described the efforts to improve staff security. The subject had been extensively discussed at an ad hoc inter-agency meeting on security in May 1994,

the recommendations of which would be included in a report to the General Assembly. But more needed to be done, and the Secretary-General was counting on the active assistance of Member States in that regard. The primary responsibility for the protection of staff members and their dependants rested with the host Governments. ACC had welcomed the General Assembly's decision to conclude a convention on staff security, which represented the first crucial step. He was grateful to the Governments which had proposed measures to enhance staff security.

16. The report dealt not only with the arrest and detention of staff members but also with the loss of life. As of 1 July 1993, 18 staff members had been killed, and information was now to hand that 39 national staff members had been killed in Rwanda in April 1994. That figure would increase as additional information became available. A total of 88 staff members had thus lost their lives since 1992. He was also seeking news of staff members missing in the Middle East, including Mr. Alec Collett, but had so far obtained no credible reports.

17. Annex III to the report contained detailed information about the arrest and detention of officials, and annex II contained a consolidated list of staff members who were under arrest or detention or were missing as at 30 June 1994. In that connection, the situation of national staff employed by United Nations organizations in Rwanda remained precarious. Four staff members had been arrested during the past week, but no information about them had yet been obtained from the Rwandese authorities.

18. Respect for the privileges and immunities of United Nations officials was one of the paramount conditions for effective exercise of the responsibilities entrusted to United Nations organizations by Member States. It was to be hoped that the discussions in the Committee and in the Sixth Committee would help to identify the best ways of ensuring staff security and safety.

19. Mrs. DAES (Joint Inspection Unit) said that the report of the Joint Inspection Unit (JIU) on the advancement of the status of women in the Secretariat (A/49/176) reviewed action taken to eliminate bias against women and establish and maintain gender equity in the Secretariat and focused on the opportunity to improve the status and advancement of women under the new policies of greater transparency and accountability and strategic management of human resources. The report summarized the disappointing history of the efforts to enhance the role of women and examined the failure to overcome the obstacles thereto in the light of the new policy initiatives. The extensive tables and statistics contained in the report painted a gloomy picture. There were six major problem areas.

20. Firstly, the 1995 targets for percentages of women in Professional and higher-level posts subject to geographical distribution would not be met: the current figure of 32 per cent for all women staff fell short of the target of 35 per cent; the figure of 14 per cent for women in senior posts was scarcely half way to the target of 25 per cent; and the figure of 11 per cent for women in policy-making posts at the end of 1993 was closer to zero than to the target

of 50 per cent. Secondly, the annual rate of increase in the promotion of women was still slow. The pool of women candidates at each higher level was steadily decreasing, and the average woman Professional was currently at about the P-3 level. Thirdly, there was a very serious problem with regard to the appointment of women at the Professional and higher levels. New recruits at those levels were overwhelmingly men. From 1986 to 1989 only 2 of the 66 officials appointed at the Director level or above were women, and for 1990-1993 the proportion was 10 out of 63. The financial crises and other factors had hampered women's recruitment and advancement, but at the present pace it would take another 50 years to achieve the overall "equitable balance" of men and women which the General Assembly had expected to be reached by 1980. It was unsurprising that past action programmes for women had bogged down when there were so few women at the top levels. Fourthly, the vast majority of women in the Secretariat - the 4,600 in the General Service - had been almost totally ignored by the action programmes. That neglect must be remedied. Fifthly, the few women in senior posts were distributed unevenly, and most Secretariat units had no women at the Director or higher levels. The Secretariat had regularly cited the importance of holding senior managers accountable for improving the status of women in individual units, but that was not being done. Sixthly, the representation of women from the geographic regions varied considerably around the 35 per cent target. Member States themselves should set an example by improving the representation of women in the United Nations, but they had not done much better than the Secretariat. In 1994 only 8 of the 184 missions in New York had women heads or acting heads.

21. The Steering Committee for the Improvement of the Status of Women in the Secretariat had concluded in 1991 that the Secretariat had fallen far short of its obligation to establish gender equity. That conclusion remained true in 1994.

22. The JIU report assessed the continuing obstacles to improving the status of women in the Secretariat. Three of its recommendations dealt with dynamic human resources management. Firstly, the Secretary-General was urged to continue the comprehensive report on personnel matters, now before the Committee in document A/C.5/49/5, as a biennial human resources report. The second recommendation called for strengthening of the Office of Human Resources Management, and the third called on the Secretary-General to ensure that future reporting on human resources reflected greater accountability and follow-up. The fourth recommendation recognized that those measures were not sufficient to secure improvement of the status of women and called for replacement of the ineffective action programmes with a new results-oriented programme. The recommended programme included 10 steps, which were set out on pages iv and v of the report.

23. It was regrettable that the Secretary-General's comments on the JIU report had only just been issued (A/49/176/Add.1) and that they made only a few scattered references to the matters discussed in the report. They referred the General Assembly to two further reports, one on a strategy for the management of the human resources of the Organization (A/C.5/49/5) and the other on improvement of the status of women in the Secretariat (A/49/587). The late issue of those documents would hamper an informed discussion by the Committee of

the important issues involved. However, there were two encouraging developments. Firstly, the Secretary-General had commented that the first three JIU recommendations were in line with his current plans for strengthening human resources management and that several of the 10 steps of the programme recommended by JIU had already been or would soon be implemented. Secondly, the JIU report had been completed before the new Under-Secretary-General for Administration and Management and Assistant Secretary-General for Human Resources Management had taken up their posts. They had both started to make drastic changes and take action to improve the situation of women in the Secretariat. The JIU recommendations would assist them in that endeavour.

24. The JIU report had been prepared in the conviction that its recommendations would contribute to the enhancement of the Secretariat's human resources and to a new beginning for the advancement of women. The time had come for determined action to fulfil the Secretariat's obligation to achieve gender equity. JIU would again assess progress in 1995 as part of its review of women's programmes and advancement in the United Nations system.

25. Mr. OTHMAN (Joint Inspection Unit), introducing the JIU report entitled "Towards a new system of performance appraisal in the United Nations Secretariat: requirements for successful implementation" said that the new system was intrinsically connected with the review of the efficiency of the administrative and financial functioning of the United Nations and, more specifically, with the establishment of the system of accountability and responsibility in the United Nations called for in General Assembly resolution 48/218. One of the elements to be included in the new system was performance evaluations for all staff, including senior officials. A number of delegations had voiced concern about the adequacy of the current performance evaluation system in the Secretariat and had requested JIU to review the matter. A similar review had also been requested by the Secretariat. The objectives of the study were first to examine past experience with performance evaluation in the Secretariat and in the light of relevant and positive experiences elsewhere, especially in the United Nations system. The second objective was to highlight the actions needed to ensure that the new system would be successfully implemented.

26. To meet those objectives, JIU had reviewed the available documentation on previous, current and proposed Secretariat performance evaluation processes. It had reviewed numerous articles and reports on performance appraisal issues, problems and experiences from sources inside and outside the United Nations system. It had also discussed the subject with Secretariat officials and staff representatives and with officials of inter-agency secretariats and organizations of the United Nations system. In addition, it had conducted a detailed review of more than 100 Secretariat staff files at Geneva in order to assess patterns and problems with the existing performance evaluation system.

27. Chapter II of the report summarized three important sources of knowledge for the new Secretariat system, namely: the work of the International Civil Service Commission (ICSC), with emphasis on principles and guidelines for performance appraisals; the work of the Consultative Committee on Administrative

Questions (CCAQ), especially that relating to performance appraisal of managers; and organizations in which strengthened performance appraisal systems had recently been implemented, such as those in the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the World Meteorological Organization (WMO).

28. Chapter III dealt with the five different attempts to create a sound performance evaluation system over the previous 17 years. All attempts had failed because they had measured the characteristics and traits of staff subjectively, rather than on the basis of actual performance and work. Not only were the ratings under the current system excessively vague, but nearly all staff members received the ratings "excellent" or "very good". Staff moved through their careers with occasional promotions and steady salary step increases for longevity, unaffected by the work they actually did. The system was therefore dysfunctional and provided no reward or recognition for excellent performance, and no sanctions or corrective actions for ineffective or mediocre staff.

29. Under the proposed new system, performance objectives would be established in advance and supervisor/staff communication would be improved through regular discussions of performance and feedback. The new system stressed the importance of involving staff in the development of performance agreements and assessment of their own performance, making staff members accountable for results using measurable and objective performance standards. Those and other concepts were generally consistent with the principles and guidelines established by ICSC and followed the pattern of positive experiences of other United Nations organizations.

30. Previous systems had failed not only because of inherent deficiencies but also because the Secretariat had been unable to implement them successfully. Success was now critical, however, in order to ensure the future success and credibility of the Organization. The Secretariat had thousands of creative and dedicated staff who received little recognition and other staff who were ineffective but who suffered no ill effects in consequence. Unfortunately, the latter group had received considerable negative media attention in recent years while the performance of the hard-working staff went largely unnoticed. In order for the new system to succeed, the Secretary-General and the General Assembly should exercise their respective oversight functions through careful monitoring of its development and implementation. A number of requirements, which could be broken down into three sets of recommendations, also needed to be met.

31. The first set of recommendations dealt with fundamental prerequisites, namely, the introduction of a performance appraisal system within a supportive management and organizational culture and environment; a clear commitment on the part of the Secretary-General and senior officials to the full implementation of the new system; and a clear delineation of the roles of managers in the Secretariat to enable them to carry out effectively their new responsibilities and evaluation of the performance of all managers, including assistant secretaries-general and under-secretaries-general.

32. A second set of recommendations addressed key technical elements. The Secretary-General should prepare a mission statement and give high priority to the establishment of an integrated system linking mandates, objectives, strategies, work programmes and individual staff performance. He should ensure objective, transparent and fair ratings and make the new performance appraisal reports the key input for rewards and sanctions to be vigorously implemented. He should also establish a formal full-time unit, probably within OHRM, to deal with the new system.

33. The last set of recommendations stemmed from constraints that might adversely affect the successful implementation of the new system. The Secretary-General and the General Assembly should revise and expand staff training plans for the new system in order to ensure that all Secretariat staff, including managers, were prepared for the new system rather than continue the current rush to complete training by December 1994 without adequate resources. On the basis of the experiences of other organizations and recognizing the drastic change which the new system represented in the organizational culture of the United Nations, 1995 should be a transitional year for the introduction of the new system, particularly since certain elements of accountability and responsibility were not yet in place. Additional financial resources should be provided to meet the requirements of the new system. The necessary resources could temporarily be obtained by delaying staff salary increments. In future, the granting of such increments should be based exclusively on performance-based considerations.

34. In order for the new system to succeed, all staff, from the Secretary-General down, must be committed to its implementation. The system must also have the resources required for its proper implementation and must be considered as a management tool within the larger framework of accountability and responsibility in a results-oriented management and organizational structure. A follow-up study was envisaged in two or three years' time to review the implementation and impact of the new system.

35. Mrs. GOICOCHEA (Cuba) said that her delegation would welcome information on the current status of the report which the Joint Inspection Unit had been requested to prepare in 1993 on certain other aspects of personnel policy. She noted that the report was not among the documents currently available to the Committee.

36. The CHAIRMAN said that the observation of the Cuban delegation had been noted and that the Secretariat would provide a response at a later meeting.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (A/49/3 and Add.1 (chapters I, IV (section E), IX, XI, XII and XVII))

37. Mr. ETUKET (Uganda) regretted the Secretariat's failure to provide members with the information requested in Economic and Social Council resolutions E/1994/21 and E/1994/41. He hoped that the information requested would be provided at an early date and that the financial implications of the action

required under the resolutions in question would be clearly reflected in the revised estimates for the biennium 1993-1994.

38. Mr. STITT (United Kingdom) said that if and when revised estimates or statements of programme budget implications arising from the Council's work were submitted to the Committee, he hoped that the Secretariat would be able to confirm that rules 31.3 and 31.4 of the rules of procedure of the Economic and Social Council had been fully respected.

39. The CHAIRMAN said that the Secretariat would take note of the comments made by the delegations of Uganda and the United Kingdom. If there was no objection, he would take it that the Committee wished to recommend that the General Assembly should take note of the report of the Economic and Social Council and that the Committee had thus concluded its consideration of item 12.

40. It was so decided.

The meeting rose at 12 noon.

UNITED NATIONS

General Assembly

FORTY-NINTH SESSION

Official Records

FIFTH COMMITTEE
16th meeting
held on
Friday, 11 November 1994
at 10 a.m.
New York

SUMMARY RECORD OF THE 16th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

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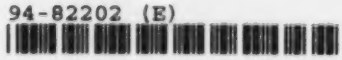

The meeting was called to order at 10.20 a.m.

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/48/516 and Add.1, A/48/572 and A/48/587; A/49/5 (vols. I-IV) and Add.1-9, A/49/214, A/49/348 and Add.1-2, A/49/368 and A/49/547)

1. Mr. BIRENBAUM (United States of America) said that the reports of the Board of Auditors revealed that the deficiencies in financial controls, procurement and control of non-expendable property which the Board had criticized repeatedly in previous bienniums had still not been rectified, despite promises of action by the Secretariat. The Integrated Management Information System (IMIS), which had been put forward as a cure for many of the problems, had not been adequately implemented.

2. It was, however, encouraging to note that, as recommended by his delegation, action had been taken to strengthen the internal audit function by means of a direct reporting channel to the Secretary-General. The newly established Office of Internal Oversight Services would have the powers that had been recommended, although much needed to be done to ensure that it had the resources to fulfil its tasks, one of the most important of which would be to ensure that the recommendations of the Board of Auditors were implemented, thus putting an end to the cycle of deficiencies.

3. His delegation noted that the Board of Auditors had drawn attention to continuing problems in the area of budgetary control and had described the excess of expenditures over allotments in the biennium 1992-1993 as unprecedented. Two years earlier, the Secretariat had promised to ensure compliance with existing rules and regulations and had given an assurance that problems would be resolved when IMIS became operational. The fact that IMIS was still not in place did not absolve the Secretariat of responsibility for the proper administration of resources. His delegation expected that, with the advent of the new system of accountability and responsibility, the necessary internal controls would be put into place without delay.

4. Another problem was cash management, in particular the absence of effective internal controls which had led to the loss of $3.9 million in April 1994. His delegation expected the Secretariat to provide a full accounting of that incident and to institute remedial measures to prevent a recurrence. With regard to procurement, the same deficiencies had been noted as in previous bienniums, particularly in connection with peace-keeping operations; as the Board of Auditors had repeatedly recommended, the United Nations must have a procurement policy that promoted competition, fairness and transparency; moreover, the personnel involved in procurement needed training and relevant expertise and should be held accountable for their actions. The Board had once again found deficiencies in the hiring practices for consultants, experts and short-term contractors, especially at the regional commission level. The control of non-expendable property also continued to be problematic. That was

hardly surprising, since no physical inventory had been conducted at Headquarters since 1987.

5. His delegation called on the Secretariat to put an end to the perennial deficiencies to which attention had been drawn and to proceed immediately with the necessary corrective action to ensure that programme managers complied fully.

6. His delegation noted the comments of the Board regarding the term of office of its members and favoured an extension of the term from three to four years, with a limit of two consecutive terms, to permit synchronization with the budget cycle, and to allow a greater number of Member States to participate in the important external oversight function.

7. Much remained to be done to bring the United Nations into compliance with the findings of the Board of Auditors and his delegation urged the new senior management of the Department of Administration and Management to place that task at the top of its agenda; that was a precondition for restoring the faith of the membership in the Secretariat.

8. Mr. MIR MOHAMMAD (Islamic Republic of Iran) said that his delegation attached great importance to the work of the Board of Auditors, which enabled Member States to ascertain whether the resources they made available to the Organization were properly used and to find a satisfactory way of remedying any shortcomings and deficiencies. He noted that the Board had found material uncertainty about the valuation placed on assessed contributions receivable in the case of certain peace-keeping operations, and called on the newly established Office of Internal Oversight Services to investigate that matter promptly and to report its findings to the General Assembly.

9. It was a matter of great concern to his delegation that the shortcomings in connection with the procurement of goods and services that had been noted in previous bienniums had still not been remedied. In many cases, the United Nations did not use competitive bidding; used a relatively narrow range of suppliers; failed to vet or approve them systematically; and did not effectively monitor and evaluate their performance. He agreed with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that it was a very useful device for the Board's report to include a section containing its comments on action taken to implement its recommendations.

10. The procurement policy of the agencies in the field was another area of concern; priority should be given to local procurement wherever possible, provided that it met the requisites of competitive bidding in terms of both quality and price.

11. His delegation shared the concern expressed by the Board in volume II of its report (A/49/5) concerning the financial reports and audited financial statements with respect to peace-keeping operations. All contracts for services should be awarded through competitive bidding and should be openly advertised.

12. Referring to the report of the Board concerning voluntary funds administered by the United Nations High Commissioner for Refugees (A/49/5/Add.5), he said that his country suffered from a considerable shortfall between the increasing needs of its large refugee population and the available international assistance. As stated in the report, the total spending of UNHCR was less than its total income; moreover, the UNHCR report for 1993-1994, as well as its proposed programme budget for 1995, showed a sharp decrease with respect to his country. His delegation called on UNHCR to revise and increase the budget allocation.

13. Stricter control should be exercised over travel by consultants between the field and Headquarters so as to reduce expenditure on such travel for the benefit of the projects themselves. It would also be helpful if the agencies were to inform the host countries of their detailed audited expenditures, thus enabling those countries to allocate their resources more effectively.

14. His delegation supported the recommendation that the current three-year term of office of members of the Board should be extended to six years. Such an arrangement, whereby each member of the Board would cover three full financial cycles, with one member's term of office expiring at the end of each biennium, would ensure continuity in the work of the Board.

15. Mr. RAZALI (Malaysia) said that his delegation was concerned by the discrepancies, irregularities and negligence, both at United Nations Headquarters and in the field, noted by the Auditors in their report. Many of the irregularities could have been avoided if those involved had complied with the Financial Regulations and Rules of the United Nations. His delegation agreed with the Board's recommendations on the need for cost-effective procurement of goods and services. Open international tender would be one way of achieving that and would have the added advantage of allowing the developing countries to participate in the provision of goods and services to the United Nations. The disturbingly high level of exemptions from competitive bidding was a matter of great concern. The United Nations should plan its procurement activities so as to keep urgent requests to a minimum, to take advantage of the best available prices and to make only rare exceptions to the rule of competitive bidding.

16. On the subject of cash management, his delegation noted that the proliferation of United Nations bank accounts was an inefficient way of utilizing existing cash balances, on which a significantly higher rate of interest could be earned. The reduction in the number of bank accounts would also improve administrative efficiency, thus lowering administrative costs as well as bank charges.

17. His delegation shared the concern of the Board at the laxity of budgetary control, especially with regard to expenditures in excess of budgetary allocations which, in many cases, had been incurred without the written authorization of the Controller, contrary to the Financial Rules.

18. The delay in upgrading the United Nations computer information network through the introduction of the Integrated Management Information System (IMIS) was regrettable. It appeared that the project had been conceived in a haphazard fashion with inadequate planning for its full implementation.

19. The failure of the Secretariat to comply with the regular reminders by the Board on the need for a complete physical inventory of property at Headquarters was a serious matter and his delegation supported the Board's recommendations that a physical inventory should be undertaken as a matter of priority.

20. His delegation was also concerned at the high operating expenditures of the United Nations on salaries, common staff costs and overtime; the ratio of such expenses to total expenditure was, in his delegation's view, far too high. Excessive expenditure on salaries was an inefficient way of utilizing the funds provided by Member States. While his delegation supported the Board's recommendation that training should be given to staff involved in financial matters, some of the errors, such as the failure to match invoices against deliveries, were so elementary as to defy comprehension.

21. The Board's reports quoted many instances of poor supervision and management and his delegation therefore supported the suggestion in the report of the Advisory Committee (A/49/547) that separate reports by the Board might have to be submitted on larger peace-keeping operations.

22. His delegation supported the recommendations of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A (A/49/418), particularly concerning the periodic review of the financial and staff regulations and rules, the strengthening of the internal and external audit functions, and the imposition of surcharges on those who violated the provisions of the Financial Regulations and Rules.

23. Mr. DROZDOV (Ukraine) said that his delegation welcomed the creation of the Office of Internal Oversight Services; the concentration of all auditing, inspection, control, evaluation and monitoring functions within a single structural unit would not only result in a more rational use of resources but would also enhance the effectiveness of internal oversight within the Secretariat and consequently increase the confidence of Member States in the United Nations. For that reason, his delegation was willing to support any proposals for an increase in the financial resources and staffing of the Office of Internal Oversight Services. It considered that the internal oversight machinery of the Board of Auditors and the Joint Inspection Unit should also be strengthened and that the Board should have greater independence in its activities. The time had now come to consider the question of introducing an additional section in the programme budget concerning the activities of the Board and to make corresponding changes in the medium-term plan.

24. The financial reports and audited financial statements enabled Member States to assess the effectiveness with which the financial resources they had made available to the Organization were used. His delegation noted the measures taken by the Secretary-General to implement the recommendations of the Board of

Auditors, which were of the greatest importance in ensuring the rational and effective use of the Organization's financial resources, and the steps taken by the Secretary-General to introduce systematic budgetary control over expenditure, including expenditure on projects financed by special funds.

25. The irregularities with respect to procurement were a matter of particular concern. The Secretariat should focus on those recommendations by the Board which called for a review of the policy with regard to the acquisition of supplies and equipment, for clarification of the concepts of urgency and exceptions to the rules in connection with the acquisition of equipment for peace-keeping operations, and for increased use of competitive bidding and the review of the list of suppliers. The training of staff involved in procurement was of particular importance.

26. His delegation welcomed the fact that for the first time the Board had submitted a report and audited financial statements on United Nations peace-keeping operations. His delegation endorsed the view of the Advisory Committee that some larger operations might have to be dealt with separately. The report of the principal findings and conclusions of the Board of Auditors (A/49/214) revealed cases of fraud or presumptive fraud. Cases of unauthorized procurements, overpayments and other instances of the improper use of funds were also noted in the report of the Ad Hoc Intergovernmental Working Group of Experts (A/49/418). His delegation was greatly concerned about such cases and felt that everything should be done to minimize the likelihood of error or deliberate fraud by staff members. Further efforts should be made to establish effective procedures to secure compensation for the losses suffered by the Organization and to call those responsible to account.

27. In conclusion, his delegation supported the recommendations of the Board of Auditors concerning a change in the term of office of its members.

28. Mr. HANSON (Canada), speaking on behalf also of Australia and New Zealand, said that the financial statements were an essential instrument of management enabling Members to assess the Organization's financial situation, determine the use of funds and examine the result of operations. The information presented in the statements must be clear and complete.

29. The adoption of common accounting standards for the United Nations system represented an important step forward. Notwithstanding the fact that the Panel of External Auditors and ACABQ had estimated that it would, in fact, take a number of years for them to be fully applied throughout the system, three of the standards should be applied as early as possible.

30. First, provision should be made for possible delays in the collection of contributions. As at 31 December 1993 an amount equal to 71 per cent of the Organization's total assets had been receivable in the United Nations General Fund, a large percentage of which related to contributions for 1992 or before. Making provision for such delayed payments must not, however, detract from the treaty obligations of Member States to pay assessed contributions in full and on time.

31. Second, the value of any accumulated surplus or deficit should be disclosed in such a manner as to indicate the amounts actually available for distribution. In that connection, the amount of $100.9 million indicated under the heading of the United Nations General Fund as a surplus available for credit to Member States as at 31 December 1993 (A/49/5, vol. I, p. 104) might not in fact represent the amount available to be distributed. It seemed, rather, that there might actually be a deficit of $872,000.

32. Third, liabilities for end-of-service benefits should be provided for in the accounts. Where full provision was not made, appropriate disclosure should be made in the notes and the total estimated liabilities should be quantified. That had not been done in the financial statements of the United Nations, and that omission should be rectified in the statements for the next biennium.

33. In certain cases, pledged but unpaid contributions relating to future fiscal years had been accounted for in the period ending 31 December 1993. In the case of the United Nations Children's Fund (UNICEF), for example, that had had the effect of overestimating total assets by 9 per cent and liabilities by 24 per cent. Only pledged contributions received or relating to the fiscal period under audit should be included in the report, and those relating to future periods should appear in the notes to the statements.

34. The universal application of accounting standards throughout the system was essential for fair and equitable comparisons between organizations. While it would be hard to implement the recommendation of the Board of Auditors that valuations of goods, contributions in kind and cash held in non-convertible currencies should be indicated, the difficulties would have to be addressed through the application of uniform valuation methods throughout the system.

35. Given that expenditure on peace-keeping operations accounted for some 32 per cent of the total expenditures of the system, proper controls must be applied. He welcomed the recommendation of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A (A/49/418) concerning the need for additional financial and staff rules for temporary peace-keeping missions. In addition, the Secretariat must respond adequately to the recommendations of the Board of Auditors with respect to such operations.

36. The introduction of individual financial statements for peace-keeping operations was a useful innovation, but such statements should encompass all relevant activities to ensure adequate disclosure. He fully agreed with the Board's reservation regarding unpaid assessed contributions to peace-keeping operations. The shortfall in contributions by some Member States exacerbated distortions in the financial statements.

37. The weaknesses revealed in purchasing procedures were one of the main management problems to be addressed. The purchasing system must become more transparent and fairer. He supported the Secretary-General's initiative with regard to a review of current procedures by a high-level group of independent experts.

38. With regard to programme management, he pointed out that in some cases requirements had not been clearly identified before certain amounts had been spent. Objectives must be defined in terms that would facilitate an assessment of actual achievements, and there must be effective follow-up. The Board's recommendations aimed at improving the efficiency of programme and project management should be implemented as soon as possible.

39. The report on the implementation of the recommendations of the Board of Auditors (A/49/348) was useful. It would be beneficial if the Board could report to the Fifth Committee, before the programme budget for the biennium 1996-1997 was finalized, on the development of the assumptions used in the presentation of the programme budget and performance reports.

40. Lastly, he supported the proposal that the term of office of Board members should be extended to six years, since under the current system auditors might leave just when the knowledge they had acquired could be used to the best effect.

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/49/16 (Part II), A/49/34, A/49/98 and Add.1-2, A/49/336, A/49/418, A/49/449, A/49/471, A/49/560; A/C.5/49/1)

41. Mr. NIAZI (Assistant Secretary-General for Internal Oversight Services) said that the Secretariat was in the middle of a transition to a new management and accountability culture, within which the oversight function would have to operate. While the volume of the Secretariat's work with regard to the production of reports and the servicing of meetings had not decreased, the volume of operational activity in the political, peace-keeping and humanitarian areas had increased enormously, thereby transforming the managerial problems of the Organization.

42. One result had been that the demands on the staff had changed from those of administration to those of achieving objectives. From an auditing perspective, that meant a change from low-risk to high-risk activity, in that the ability to take initiatives, rather than a knowledge of routines, was required. Yet the culture prevalent in the Secretariat and in intergovernmental review bodies had not yet undergone an equivalent transformation. New skills, new control frameworks and a new attitude to initiative were necessary, and the Office of Internal Oversight Services could contribute in that regard by helping to formulate the necessary policy changes.

43. The proposed system of responsibility and accountability would not work unless initiative and innovation were rewarded, and inefficiency, ineffectiveness and violations of procedure were penalized. The Organization must improve its internal control system to ensure that all staff were aware of their responsibilities and were able to discharge them effectively. The Organization's practices tended to inhibit initiative, particularly where there was a need for rapid response.

44. Since the Organization's staff were its biggest asset and accounted for the highest share of costs, savings and efficiency would come only from new methods of motivating and utilizing the staff to the full. Although managers tended to view training as a cost rather than an investment, it was obvious that the Organization stood to lose far more by neglecting training than by providing it, particularly in a period of transition.

45. As was suggested in the name of the Department of Administration and Management, administration and management were two different activities. It was quite possible to be good at administration, dealing with day-to-day problems, yet bad at management, which was concerned with achieving objectives. A good manager was an enthusiast and a striver, qualities that were not highly regarded in the Secretariat. Cautious administrative types had, in the past, been more likely to be regarded as suitable for higher responsibility. The Organization must now learn to value other types of merit.

46. The report of the Office of Inspections and Investigations, which had been superseded by the Office of Internal Oversight Services (A/49/449), demonstrated the role of the Secretariat in the formulation of the new oversight function. A new investigation unit had been established in response to large-scale fraud in peace-keeping operations, which operated in areas where no financial infrastructure existed and there was a consequent need for major cash transactions. The Office had also realized that the Organization had much to learn about contract management, since supervision of contractors to ensure that goods and services were delivered as specified was inadequate. In that connection, resident auditors were now being deployed to peace-keeping missions. The new resident auditor for the United Nations Operation in Somalia (UNOSOM) had already identified some $4 million in overpayments, a result which fully justified the new practice. The Committee for Programme and Coordination (CPC) had, moreover, mandated in-depth evaluations of peace-keeping for the next two years.

47. A new inspection function had been established, and several reviews had already been conducted where the Office had indications that programme oversight and control systems were less than adequate. Some of the ensuing recommendations had already been acted upon. In that connection, the Fifth Committee should take a decision on the recommended termination of 173 outputs carried over from previous bienniums.

48. The Administration must be provided with adequate resources to institute proper controls, and care must be taken to ensure that economies in that area did not open the way to losses that would outweigh the economies. The question of compliance with oversight recommendations was also important. The Office of Internal Oversight Services, under its new head, would assist in tackling those and other problems inherent in the transition to a new management culture.

49. Mr. MARUYAMA (Japan) said that his delegation welcomed the efforts made by the Secretariat to change the Organization's management culture, a process that must be carefully planned and carried out with determination. A system of responsibility and accountability would be essential in that connection, and his

delegation endorsed the measures proposed by the Secretariat. The groundwork must first be laid, including the simplification and updating of rules and regulations, a clear definition of the authority and responsibility of each manager, and the provision of training. The new performance appraisal system, if carefully planned and properly applied, should also contribute. After the restructuring of the last few years, the time had now come to consolidate and to improve coordination. Once the process had been completed, the Secretariat should issue an evaluation report.

50. Given the importance of an oversight mechanism, he looked forward to the role which the Office of Internal Oversight Services would play in enhancing compliance with the rules and regulations and in improving efficiency. The Office should be given adequate levels of personnel and financing. Efforts to simplify the medium-term plan still further and to link it directly to the programme budget would also improve efficiency, as would the budget outline for the biennium 1996-1997, with its identification of priority areas.

51. Mr. TESFAYE (Ethiopia) said that a transparent and efficient system of accountability and responsibility was fundamental to sound management, particularly given the current proliferation of United Nations activities. He welcomed the consolidation of Secretariat structures in the political and humanitarian sectors and the emphasis on a better integration of the economic and social dimensions of development. Administrative structures and budget allocations should reflect an integrated approach to trade, finance, investment and technology, with due regard for operational activities. Ongoing efforts to improve coordination and make effective use of available resources should be encouraged, and the Organization's programme of work and resource allocation must be constantly adapted to the changing priorities of Member States. He believed that the new performance appraisal system would reward individual staff members for good performance or penalize them for mismanagement and wrongdoing. In that connection, the Office of Internal Oversight Services might advise the Administration with regard to the efficient use of resources.

52. Regrettably, the United Nations did not have the resources it needed to shoulder its heavy burdens. Good intentions and comprehensive programmes of action were useful only when they were supported by the necessary financial resources. His own Government paid its assessments in a timely manner.

53. Mr. DROZDOV (Ukraine) said that the measures taken to restructure the Secretariat and ensure its efficiency would strengthen the authority of the United Nations. His delegation fully supported the steps taken by the Secretary-General, in compliance with General Assembly resolution 48/218 A, to introduce a transparent and effective system of accountability and responsibility which would form a sound basis for a new management culture within the Secretariat. He was pleased to note that the Fifth Committee also supported the decentralization of programmes and the delegation of authority. The policy of giving programme managers greater authority to decide on the deployment of the human and financial resources allocated was a good basis for enhancing the effectiveness of the Organization for the benefit of all its members. That should not, however, be a one-way process: it was necessary to

insist on greater accountability and responsibility not only for managers but also for all Secretariat staff in accordance with established rules.

54. The performance appraisal system would be a useful component of the system of accountability and responsibility and his delegation appreciated the report of the Joint Inspection Unit on that matter.

55. It was important that the Secretariat should have the support of the membership of the United Nations in introducing a transparent and effective system of accountability and responsibility. It was also important that the implementation of the reform should continue to be monitored by the appropriate intergovernmental bodies. There was a need for a continuing constructive dialogue between the United Nations Secretariat and Member States.

56. In recent years, there had been major changes to the Secretariat structures in the political, humanitarian, economic and social sectors, and the report of the Secretary-General on that matter (A/49/336) contained a generally encouraging assessment of what had been achieved. While his delegation was generally in favour of the changes, it nevertheless considered that it was still too early to make a final assessment. His delegation agreed that the restructuring of the United Nations Secretariat should be an ongoing and future-oriented process. However, experience had shown that frequent organizational restructuring might have undesirable results. The time had now come for a phase of consolidation without further major structural changes. The new organizational structures should coordinate their activities, which should be geared to serving the interests of all countries, including those with economies in transition.

57. Mr. FLORENCIO (Brazil) said that, while much had been done during the forty-eighth session to enhance the Organization's administrative and financial functioning and to strengthen oversight, it would be useful to consider the establishment of an additional body to deal with financial irregularities in the light of other initiatives. In that connection, the report of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A (A/49/418), should be taken up in conjunction with the report on jurisdictional and procedural mechanisms for the proper management of resources and funds of the United Nations (A/49/98 and Add.1-2).

58. Among the proposals contained in the report of the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1), he welcomed, in particular, the proposal for an independent review of procurement processes and procedures. In that connection, his delegation would ensure an ex post facto scrutiny of the Organization's contracting policy. A summary of all bidding processes and contract awards should be circulated to Member States. Moreover, appropriate emphasis should be given to training so as to avoid any recurrence of current difficulties.

59. He welcomed the Chairman's initiative in requesting the views of the Chairmen of the other Main Committees on aspects of the restructuring of the Secretariat on which the Committee for Programme and Coordination (CPC) had not

been able to reach consensus. His delegation shared the views of CPC on the programme budget outline for the biennium 1996-1997.

60. The Fifth Committee's own method of work, built on the premise that every effort should be made to reach consensus, had been the subject of some criticism. While it did not subscribe to such criticism, his delegation was willing to consider ways to improve the Committee's procedures. In that regard, the role of ACABQ had clearly withstood the test of time, and the advantages of its technical advice should not be discounted. Nevertheless, he looked forward to receiving the Advisory Committee's views on how it might improve its own functioning.

61. Mr. NITHIANANDUM (Singapore) said that the United Nations must periodically reform itself in order to avoid a disjunction between its organizational and management processes and the achievement of its objectives. It must remain structurally relevant in the current changing world in order to respond swiftly to the new problems. The Secretariat was therefore to be commended for the reforms already introduced, in particular the establishment of the new Office of Internal Oversight Services.

62. It appeared, however, that the new Office had not been provided with adequate human and financial resources, without which it might, like its predecessor, fail to achieve its promise. Failure to create a system of penalties for mismanagement and misconduct would lead to diminished administrative efficiency and professional integrity and even to financially imprudent decisions. On the other hand, good work and conduct should be rewarded by means of effective performance appraisal arrangements.

63. The Secretary-General was right to argue that a definitive evaluation of the restructuring could not yet be attempted, but an interim assessment could note the progress made and the difficulties encountered so far. In any event, evaluation should be a continuing process.

64. The Secretariat must keep in view the fundamental objective of the restructuring, which was to ensure flexibility in the achievement of the tasks assigned to it. However, his delegation agreed with the Secretary-General that periods of structural reform should alternate with periods of consolidation. The new management culture outlined by the Under-Secretary-General for Administration and Management would improve staff confidence and allay the concerns of Member States about weak management. The mission-driven approach should be imbued with pragmatism, with the emphasis on leadership and resourcefulness and with an awareness of what could be achieved within the inherent structural limitations.

65. The proposed new format of the medium-term plan was a considerable improvement over the previous format, but it should be made more concise in order to maximize its usefulness to programme managers. The Committee for Programme and Coordination was right to advocate a balance between the persistent problems to be addressed by the Organization and the emerging trends.

66. As the Secretary-General had noted, the training available to staff was unsatisfactory, and his proposals for improvements in that area, in particular the provision of training in management and financial responsibilities, were welcome. Those improvements and the other organizational changes proposed should enable the United Nations to enter the twenty-first century equipped to fulfil its primary purpose of maintaining international peace and security.

67. Mr. PRASODJO (Indonesia) said that the capacities and resources of the United Nations had not been increased in keeping with the increased expectations placed in it. Restructuring was therefore essential, and the heart of the challenge was to improve staff performance, in particular by means of increased accountability, as called for in General Assembly resolution 48/218. His delegation agreed with the Secretary-General that the old bureaucratic routines must be replaced with a more responsive management culture.

68. Built-in controls were, however, needed in order to strengthen a mission-driven Organization in which the Secretariat and intergovernmental bodies interacted. In that connection, he welcomed the new Office of Internal Oversight Services, as well as the plan for further training of programme managers and supervisors and the training of staff members in financial and administrative matters.

69. He also welcomed the establishment of an independent expert group to review procurement procedures. Procurement should be based on public tendering and not limited to the so-called prospective suppliers. The findings of the review should be made available to Member States and a full-time committee on contracts should be established.

70. His delegation also agreed with the Secretary-General that planning was an essential function of management. Equally important were coordination, especially with regard to oversight and control, and a sustained dialogue between Member States and the Secretary-General.

71. Mr. DIMOV (Bulgaria) welcomed the establishment of the Office of Internal Oversight Services, which was a vital part of the new system of accountability, and supported the call for an increase in the financial and human resources allocated to it.

72. It also welcomed the report of the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1) and endorsed the objective of the new system, which was to create a mission-driven and result-oriented Organization in which the Secretariat and the intergovernmental bodies interacted on an ongoing basis. As the representative of Germany, speaking on behalf of the European Union and Austria, had stated, the Organization was entering a period in which Member States and the Secretariat could cooperate in joint efforts to make the Secretariat a leaner, more dynamic and more effective tool for the achievement of the objectives of the international community.

73. There was no doubt that accountability, responsibility and the delegation of authority were fundamental to sound management. Increased responsibility implied increased accountability, which was a precondition for a transition from centralized control from the top to a decentralized mode of operational responsibility. The framework for a proper system of accountability and responsibility should be a clear definition of mandates and directives in the medium-term plan, with its new format, and the reflection of those mandates and directives in the Organization's budget.

74. His delegation welcomed the report of the Secretary-General on the restructuring of the United Nations Secretariat (A/49/336), which provided an assessment of the impact on programmes of the restructuring measures introduced by the Secretary-General during the biennium 1992-1993. It welcomed the introduction of a new Headquarters structure and the initial steps that had been taken to improve coordination. Early action should, however, be taken to resolve the pending issue of coordination between the Secretariat, operational programmes and the Bretton Woods institutions. Urgent attention should also be paid to such areas of activity as peace-keeping operations and procurement contracts in order to ensure a proper and cost-effective use of the Organization's resources.

75. Mr. VARELA (Chile) said that his delegation was sure that the long-term task of reforming the Secretariat would be continued successfully. In that spirit, it welcomed the establishment of a transparent and effective system of accountability and responsibility, which must be given the necessary resources and institutional backing. It also welcomed the other proposed measures and endorsed the recommendation of CPC that future proposals should be submitted to the General Assembly through CPC or ACABQ. The new management culture could not be put in place overnight, since it required a remotivated and retrained staff with good career prospects.

76. While it agreed with the Secretary-General that some time must elapse before any evaluation of the restructuring could be made, his delegation could already commend the changes which would help the regional commissions to respond more effectively to the needs of Member States. The attempt to improve coordination in the economic and social sectors was also welcome, but resources should not be allocated to those sectors at the expense of activities related to international peace and security; the latter must remain the focus of the Organization's attention. The new Department of Administration and Management should certainly have a beneficial impact on the whole system, and the establishment of the Office of Internal Oversight Services was an essential move. Chile supported the view of the European Union and Austria that the Office's main function should be to improve the Organization's internal management. The Office must be provided with increased resources, but not to the detriment of priority activities.

77. Chile endorsed in general the recommendations of the Ad Hoc Intergovernmental Working Group of Experts (A/49/418), for it was aware that the few cases of corruption in the Organization affected its staff and its

credibility. Corrective action must therefore be taken, in particular by introducing clear rules for procurement and supply.

78. Over the years the technical skills and the independence of the Board of Auditors had worked to the benefit of the whole system, and his delegation agreed that action should be taken to adapt the audit exercise to the new circumstances. The new format of the medium-term plan would also make a considerable contribution to improving the efficiency of the Organization. His delegation therefore looked forward to receiving the comments of the Advisory Committee on the new format as soon as possible.

79. The frank approach taken by the Secretary-General in his reports was essential to the establishment of an efficient administration capable of tackling the challenges of a changing world. The new system must be continually refined through a dialogue between the Secretariat and Member States which would enhance the mutual trust crucial to the functioning of the Organization.

80. Mrs. ARAGON (Philippines) said that mechanisms must be put in place to ensure the implementation of mandated programmes in the context of the vastly expanded workload and budget of the Organization. Her delegation therefore welcomed the proposal for a transparent and effective system of accountability and responsibility, which would contribute to greater efficiency and productivity. Programme managers must indeed be held more accountable for programme delivery, but a balance must be maintained between decentralization and delegation of authority, and central control and monitoring.

81. The recognition by the Secretary-General of the need to review procurement procedures was timely, particularly in view of the increasing costs of peace-keeping operations. Her delegation shared the concern expressed by the Board of Auditors concerning procurement procedures and it noted the Secretary-General's intention to establish an independent group of experts to review the system. The findings of the review should be made available to Member States.

82. The introduction of a new performance appraisal system was a welcome development. A system of rewards and sanctions must operate at all levels of the Organization, and particular attention should be given to the need, identified by JIU, for an assessment of the managerial performance of senior officials. Programme managers and supervisors should certainly receive further training, as should staff members at all levels in order to advance their careers. That applied particularly to women staff members.

83. The new Office of Internal Oversight Services would have an important role to play in ensuring the accountability of programme managers. It should be provided with adequate human and financial resources but not at the expense of other priority programmes.

84. Her delegation had noted the views of the Board of Auditors and JIU on ways and means of enhancing their external oversight functions and it awaited with interest the views of ACABQ and CPC on that topic. Member States should pay more attention to the reports of the external oversight bodies, especially when

they dealt with the implementation by the Secretariat of the recommendations of the General Assembly. The Office of Internal Oversight Services should include that question in its work programme.

85. Mr. ETUKET (Uganda) noted that, in his report on the restructuring of the United Nations Secretariat (A/49/336), the Secretary-General had promised a detailed assessment of the restructuring process; that assessment should be included in the reports of the Secretariat on the proposed programme budget for the biennium 1996-1997 and the programme performance report for the biennium 1994-1995.

86. While he welcomed the positive aspects of the restructuring process, he said that the negative impact of that process on some mandated programmes and on United Nations staff remained a cause of legitimate concern. The General Assembly had recognized the existence of the problem, most recently in its resolution 48/218. The aim of any response to the situation should be to nurture dialogue and mutual confidence between the Secretariat and the relevant intergovernmental machinery in order to ensure that the restructuring process enjoyed the support of Member States, and to foster mutual respect for the respective roles and mandates of the Secretary-General, on the one hand, and the General Assembly and the relevant intergovernmental bodies, on the other.

87. It was a matter of concern that development programmes, including the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme (UNEP), the United Nations Centre for Human Settlements (Habitat), and the Department for Development Support and Management Services, had the lowest rates of programme implementation. Overall, the rate of programme implementation had declined from 77.3 per cent in the biennium 1990-1991 to 73.8 per cent in the biennium 1992-1993. While his delegation recognized that a number of factors had contributed to that decline, it was logical to conclude that the restructuring of the Secretariat had had a negative impact on some programmes, particularly those concerned with development. The Secretariat should not mistake the legitimate concern of Member States merely for resistance to change, but should take action to address those concerns. For its part, the Committee should make specific recommendations to the General Assembly aimed at redressing or mitigating the adverse effects which restructuring had had on some programmes, in particular recommendations to ensure increased human and financial resources for programmes and activities relating to African recovery and development, the least developed countries, the Office of the Special Coordinator for Africa and the Least Developed Countries, the Economic Commission for Africa, and the United Nations African Regional Institute for the Prevention of Crime and the Treatment of Offenders (UNAFRI), commensurate with the priority which the United Nations had accorded them. The staffing levels of those Secretariat structures should also be comparable to those of other Secretariat structures dealing with equally important issues, such as human rights. In implementing programmes and activities relating to African recovery and development and the least developed countries, the Secretariat should act with the same high level of enthusiasm and motivation as it had in the restructuring of the political, humanitarian and human rights sectors. It was within that general framework that his delegation would be

approaching the proposed new format of the medium-term plan and the revised estimates to be taken up by the Committee during the current session.

88. As for the specific restructuring measures outlined in the report of the Secretary-General, his delegation would support the implementation of those which were clearly within the purview of the Secretary-General and which had a potential or actual positive impact on programmes and on the functioning of the Secretariat. It urged the Secretariat to await the decisions of the General Assembly or of the relevant intergovernmental bodies before implementing those restructuring measures which were within their purview, such as the transfer of the Electoral Assistance Division to the Department of Peace-keeping Operations and the role of the Administrator of the United Nations Development Programme (UNDP) in the area of coordination. It also urged the Secretariat to submit to the General Assembly at its fiftieth session, through CPC and the Advisory Committee, the results of the review of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget and Monitoring of Implementation and the Methods of Evaluation, and of the Financial Regulations and Rules, referred to in paragraph 24 of the report of the Secretary-General (A/C.5/49/1), prior to their implementation.

89. The restructuring process had been in progress for several years and a considerable amount of time and resources had been expended on it. Mandated programmes and activities had often had to be postponed or even terminated for the sake of restructuring. It was therefore time for the United Nations to refocus its limited available resources on the actual implementation of programmes.

90. Mr. CHABALA (Zambia) said that the report of the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1) set forth important initiatives and proposals aimed at changing the management culture of the Organization, increasing its efficiency and effectiveness and improving the quality of services. The success of the new system would depend on the mandates and policy guidance provided by Member States.

91. His delegation agreed with the Secretary-General (para. 109) that the objective of the exercise should be the creation of a mission-driven and result-oriented Organization in which the Secretariat and the intergovernmental bodies interacted on an ongoing basis, but had the confidence to concentrate their efforts on their respective functions. Those functions were clear and distinct and must be respected. On the one hand, it was the prerogative of Member States to provide mandates and policy guidance through intergovernmental bodies, while, on the other hand, the Secretary-General was responsible for implementing legislative mandates and other policy directives and administering the human and financial resources allocated to programme managers for the delivery of mandated outputs. There was a need for constant and constructive interaction between the Secretariat and the intergovernmental bodies in their collective mission to achieve the Organization's strategic objectives. That need was inescapable and reflected the spirit of shared but differentiated responsibilities which the new system of accountability and responsibility

sought to promote. While occasional criticisms were inevitable, as in any healthy relationship, such criticisms should be made in the context of clearly defined areas of responsibility and accountability.

92. The establishment of an effective system of accountability and responsibility posed a challenge both to the Secretariat and to Member States. In the case of Member States, there was an urgent need to simplify mandates and policy directives. In that connection, he welcomed the prototype of a new format of the medium-term plan (A/49/301) and the measures taken by the Secretary-General to improve the content and clarity of the programme budget and to link resource allocations to the Organization's strategic imperatives.

93. The success of the new system would also depend on the willingness of Member States to pay their assessed contributions. Programme managers entrusted with the responsibility and authority for implementing programmes must be provided with the corresponding financial, human and material resources if they were to be held accountable for the delivery of related outputs. His delegation commended the Secretariat on recent and proposed initiatives to implement the guiding principles of responsibility, authority and accountability with respect to staff throughout the United Nations system, including the regional commissions, peace-keeping operations and other missions in the field.

94. His delegation wished to underscore the importance of providing training to programme managers, supervisors and staff members. It shared the Secretary-General's view that programme managers must be appropriately trained to exercise authority judiciously. Staff members must also have access to and be required to undertake appropriate training in order to carry out their functions effectively and efficiently.

95. Of particular interest were the measures under way to review the existing system for the delegation of authority in order to identify areas in which authority could be delegated in the interests of more efficient management of human resources. In that connection, the implementation of the Integrated Management Information System (IMIS) would have a beneficial impact. His delegation supported the priority given to the delegation of authority to field operations, including peace-keeping operations. It also welcomed the important measures taken to ensure the accountability of programme managers and other staff for the delivery of outputs and services. Staff accountability would be facilitated by the application of the new performance appraisal system which was based on communication between managers and staff. It would also be strengthened by mechanisms that included rewards and sanctions to motivate staff at all levels.

96. In its resolution 47/226, the General Assembly had stressed the importance of a just, transparent, simple, impartial and efficient system of internal justice in the Secretariat. The existing system of internal justice was cumbersome, costly and replete with inordinate delays. It was a matter of grave concern that investigations of staff members had in many cases dragged on for periods of over a year, during which time the staff members concerned had had to forgo any opportunities for advancement and other privileges which they might

otherwise have enjoyed. Justice delayed was justice denied, and investigations must therefore be expedited to establish the innocence or culpability of staff members accused of wrongdoing.

97. Finally, his delegation welcomed the establishment of the Office of Internal Oversight Services, which would exercise operational independence under the authority of the Secretary-General. It was gratified to note that the Office might also advise programme managers on the effective discharge of their responsibilities and would ensure that falsely accused staff members were fully cleared and that disciplinary and/or jurisdictional proceedings were initiated without undue delay in cases where the Secretary-General considered it justified. It was important, however, for the Office to coordinate its activities with those of the Board of Auditors and the Joint Inspection Unit in order to minimize the duplication of efforts.

98. Mr. JAWARNEH (Jordan) said that his delegation welcomed and supported the establishment of a transparent and effective system of accountability and responsibility in accordance with General Assembly resolution 48/218 A. His delegation had noted the report of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to that resolution (A/49/418) and agreed that there was a need to reinforce the internal and external audit functions, to review the Financial Regulations and Rules and the related administrative instructions and to provide periodic training both at Headquarters and elsewhere to officials, particularly those involved in peacekeeping operations and procurement.

99. The proposals submitted by the Secretary-General on accountability and responsibility pursuant to the request of the General Assembly were important and interrelated and would serve to enhance the effectiveness of the Secretariat's work, particularly in conjunction with the recommendations of the Ad Hoc Intergovernmental Working Group of Experts.

100. His delegation welcomed the establishment of the Office of Internal Oversight Services. Its activities should cover all units of the Secretariat and it should be given the necessary resources for its task, which it should carry out in coordination with the Board of Auditors and the Joint Inspection Unit, as a vital part of the system of accountability and responsibility.

101. His delegation welcomed the report of the Secretary-General on the restructuring of the Secretariat (A/49/336), which was an ongoing process. The report, however, contained less analysis than the Member States had hoped for and a further report should therefore be submitted on the impact of the restructuring exercise on the Organization's programmes, since it was difficult for Member States to evaluate the exercise fully.

102. Mrs. EMERSON (Portugal) said that, given the strong desire on the part of Member States that mandated programmes should be implemented in an efficient and constructive manner, it would be helpful if the Secretariat could provide information on the inspections which had been undertaken of the Economic and Social Commission for Africa (ECA), the Economic and Social Commission for Western Asia (ESCWA), the Commission on Human Rights, and the language training

programme of the United Nations. She recalled the earlier comments by the Assistant Secretary-General for Internal Oversight Services that there had been indications that the oversight and control programmes for those bodies and programmes had not been fully adequate. She would therefore welcome information on the deficiencies which had been revealed by the inspections and on the steps taken to correct them.

103. Mr. NIAZI (Assistant Secretary-General for Internal Oversight Services) said that the responses of the various offices concerned were still awaited. Upon receipt of those responses, a report would be submitted to the Secretary-General and the results communicated to Member States in due course and in the proper form.

The meeting rose at 1.10 p.m.

UNITED NATIONS

General Assembly

FORTY-NINTH SESSION

Official Records

FIFTH COMMITTEE
17th meeting
held on
Friday, 11 November 1994
at 3 p.m.
New York

SUMMARY RECORD OF THE 17th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued)

AGENDA ITEM 115: UNITED NATIONS PENSION SYSTEM

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The meeting was called to order at 3.15 p.m.

AGENDA ITEM 108: PROGRAMME PLANNING (continued) (A/49/6, A/49/16 (parts I and II), A/49/99, A/49/135 and Add.1, A/49/452; E/1994/4 and E/1994/19)

1. Mr. TOYA (Japan) said that in general his delegation would have no difficulty endorsing the proposed revisions to the medium-term plan for the period 1992-1997. It also welcomed the proposed new format of the medium-term plan, which would permit the establishment of a link between the objectives of the plan and the allocation of resources to programmes. It was to be hoped that all those reforms would contribute to making the plan more useful. Maintaining and enhancing coordination among the various departments and offices would continue to be critical to the formulation of the programme budget. Since the Secretariat would have to begin to draft the new medium-term plan early in 1995, his delegation hoped that the Fifth Committee would be able quickly to approve the basic idea underlying the prototype of the new format, so that it could be used.

2. His delegation welcomed the proposed budget outline for the biennium 1996-1997 and associated itself with those delegations in the Committee for Programme and Coordination (CPC) which had supported the steps taken by the Secretariat to realize significant savings and had welcomed its plan to conduct a review to identify areas in which increased efficiency and cost-effective measures were possible.

3. The outline indicated negative growth since the preceding biennium, both in terms of initial appropriations and projected revised appropriations. The basic concept of a zero real-growth budget was an important tool for imposing budgetary discipline. His delegation supported the priorities established in the outline and the balance that had been struck between international and regional cooperation for development, a traditionally important area, and the areas of human rights, humanitarian affairs and internal oversight. It also noted the suggestion that savings of some $15 million were possible as a result of efficiency measures.

4. His delegation welcomed the various initiatives which the Department of Administration and Management was taking to make management of the work of the United Nations more efficient and effective and looked forward to cooperating closely with the Secretariat as it implemented those worthwhile measures.

5. Mr. BRTSEID (Norway), speaking on behalf of the Nordic countries, said that those countries endorsed the general view that the current system of programme planning, budgeting, monitoring and evaluation had a number of shortcomings and that the medium-term plan should be revised. Medium-term planning was an essential management tool which, if it did not function properly, could neither serve as the principal policy directive for the work of the Organization, nor be a useful framework from which to derive the biennial programme budgets. Member States and the Secretariat recognized that the current medium-term plan lacked precision in the stated objectives and thereby precluded the possibility of

adequately measuring the impact of programmes. As the CPC had noted, in its present form the plan was little used and of limited significance to the Organization.

6. Nevertheless, the general agreement that a revision was necessary had provided a point of departure, and a good deal of work had already been carried out. He was confident that the General Assembly would approve the new format of the medium-term plan. The plan must be a short, basic strategic document which concentrated on the overall priority areas of the Organization in its first part and on the major programmes in the other part. It should be easy to read and understand; in fact, the general public should be able to study the document without too much effort or insight into the work of the United Nations. The general approach outlined in subparagraphs 6 (a) to (d) of document A/49/301 adequately reflected the view of the Nordic delegations regarding the content of the perspective, and he simply wished to add that a discussion of the external role of the Organization in addressing various problems often would have to be supplemented by considerations regarding internal consequences for the Organization.

7. CPC had had in mind a period of four to six years for the plan's perspective. Long-term trends and their implications for the United Nations must be considered. Accordingly, it might be useful to extend the perspective to six years whenever that was considered meaningful. In that context, it also should be taken into account that a number of organizations in the United Nations system had a six-year planning period.

8. The Nordic countries fully agreed that the programme pattern set out in the plan and the organizational structure of the Secretariat should be congruent. In that way, there would never be any doubt as to which department was responsible for which programme and which division was responsible for which subprogramme. Therefore, the reorganization of the Secretariat should, to the extent possible, reflect the introduction of a new format of the medium-term plan.

9. The delegations of the Nordic countries had studied the prototype in annex I of document A/49/301 with great interest. Considered as a framework for biennial budgets, it represented an improvement in comparison with the current medium-term plan. However, further improvement was possible regarding the description of expected results and planned outputs. The prototype did not fully meet the criterion stated in paragraph 9 of the document, which required the framework to identify the objectives and expected results of the subprogramme to be achieved at the end of four years. The relationship between the medium-term plan and the biennial budgets needed further clarification, and the precision lacking in the budget framework could be obtained in the programme budget.

10. The Nordic countries had repeatedly stressed the need to respect the overall role, authority and responsibility of the Secretary-General as the chief administrative officer of the Organization. Once the General Assembly had adopted the new format of the plan, the Secretary-General and his staff members

could be expected to contribute to making future plans a constructive managerial instrument. However, it was obvious that the Secretary-General and the Secretariat must cooperate closely with intergovernmental bodies in that future process. Since the plan would be very comprehensive and would include a broad policy dimension, the support of Member States also would be essential.

11. The programme framework of the plan was acceptable provided that, on a regular basis, or whenever necessary, the Organization would study the plan with a view to adapting it to new challenges and encompassing new mandates. The medium-term plan must not be static, nor should it be become an obstacle to facing new realities; neither should it be used to retain for too long programmes and projects which should be terminated or an organizational structure that was outdated. The Organization had a mandate to fulfil certain duties and meet new challenges with the means at its disposal. Against that background, the United Nations must show flexibility and readiness to assume new tasks and leave behind those already completed. The Organization should respond to those requirements by reviewing its organizational structure on a continuous basis, and the medium-term plan should help to serve that purpose.

12. Mr. BERGH (South Africa) said that while the medium-term plan should be viewed as the basic strategic document of the United Nations, Member States must provide the Organization with clear indications of the functions it should undertake. The plan would benefit from reformulation so as to increase its clarity. The prototype submitted by the Secretary-General in document A/49/301 provided a sufficient basis for deliberations on the format of future medium-term plans. The immediate advantages of the prototype were the reduction in the length of the document, its increased precision and the consolidation of the various programmes along organizational, rather than sectoral, lines.

13. Furthermore, the plan should not be viewed in isolation from the proposal by the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility, as outlined in document A/C.5/49/1. The Secretary-General's proposals in that regard would assist the Organization in achieving the objectives of the medium-term plan by, inter alia, establishing clear responsibility for programme delivery and ensuring the accountability of managers for the use of financial and other resources allocated to them.

14. The medium-term plan should be constantly reviewed and updated to ensure that it retained its relevance to the strategic objectives of the Organization. For example, with the holding of free, non-racial elections in South Africa, the political objectives of programme 6 (Elimination of apartheid) of major programme I of the medium-term plan for the period 1992-1997 had been achieved. In accordance with the provisions of General Assembly resolution 48/258 A, the mandate of the Special Committee against Apartheid had been terminated and the item had been removed from the Assembly's agenda. In that connection, it should be noted that the human resources previously allocated to the Centre against Apartheid had already been transferred to the Africa Division of the Department of Political Affairs; that would help to strengthen the role of that Division and would add to its already considerable reserves of experience. The financial

resources which remained in the budget allocation to programme 6 should also be redeployed and not retained as "savings".

15. Certain activities under programme 38 involved publicity against apartheid. With the completion of that aspect of programme 38, the budget resources previously allocated for publicity against apartheid could be fruitfully redeployed to other programmes pertaining to Africa, either within the Department of Public Information or in other sectors. In view of recent events in the Middle East peace process, the remaining activities under programme 38 would continue in order to support the important changes under way in that region.

16. During the first part of the biennium, the General Assembly and the Security Council had adopted many important, albeit unforeseen, programmes which must be financed from the contingency fund. They included some aspects of the mandate of the United Nations High Commissioner for Refugees, activities as a follow-up to the World Conference on Human Rights, some Commission on Human Rights resolutions and specific aspects relating to the Economic Commission for Africa. Perhaps the resources remaining after the completion of programme 6 and the relevant portions of programme 38 could be redeployed in order to offset those additions to the budget. The South African delegation was committed to cooperation in order to ensure that the necessary financial resources were allocated appropriately.

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/48/516 and Add.1, A/48/572 and A/48/587; A/49/5 (vols. I-IV) and Add.1-9, A/49/214, A/49/348 and Add.1 and 2, A/49/368 and A/49/547)

17. Mr. LE MARECHAL (Deputy Controller and Auditor General of the United Kingdom), speaking on behalf of the Chairman of the Board of Auditors, said that the Board noted with satisfaction the interest in and support for its work which the Committee continued to express. The value of the external auditors' work was shown especially when the management of the Organization addressed the problems identified and implemented the recommendations of the Board and of the Committee.

18. The Canadian delegation had drawn attention to some inconsistencies in the treatment of accounting and the format of the financial statements prepared by the 14 organizations, programmes and funds. The Board, too, acknowledged those difficulties and agreed on the importance of clear and transparent financial statements. Such inconsistencies should be addressed when the United Nations system accounting standards were adopted more fully. While the standards, introduced in 1992-1993, had in general been complied with by the organizations, further work would be required in other areas. The Board would continue to play an active role in supporting the Consultative Committee on Administrative Questions (CCAQ) in order to harmonize the format of financial statements throughout the United Nations system.

19. The Canadian delegation had also referred to the request contained in General Assembly resolution 48/228 that the Board should review the development of the assumptions used in the presentation of the programme budget and performance reports with a view to suggesting improvements. The Board would undertake that work during its audit of the financial statements for 1994-1995.

20. All delegations, without exception, had commented on the Board's findings on procurement in a constructive and supportive way. It was important for the United Nations to tackle those issues without delay. The Board fully supported the note of caution expressed by the delegation of the Russian Federation concerning the need to take particular care in the appointment of senior-level experts from outside the Organization. In order to avoid conflicts of interest and the risk of impropriety on the part of those participating in the procurement process, a careful and well-thought-out approach to such matters must be adopted.

21. The Board was grateful for the support of delegations for the work done on the audit of peace-keeping operations and took note of the observation that some of the larger peace-keeping operations might have to be dealt with separately in the future. Naturally, the Board was willing to submit its reports to the General Assembly in a form which Member States found most helpful and which was consistent with its terms of reference. It would be necessary to clarify the nature of any additional reports which the Committee wished to receive in the future.

22. During the debate on agenda item 105, many delegations had expressed a desire to see changes in the Organization. The Board of Auditors would continue to play an active and constructive role in promoting the changes which Member States wished to institute and in furthering the economic, efficient and effective functioning of the United Nations.

23. Mr. NIWA (Assistant Administrator and Director of Finance and Administration, United Nations Development Programme) said that the United Nations Development Programme (UNDP) was continuing to attach utmost importance to the implementation of the recommendations of the Board of Auditors and that, as reflected in the reports of the Secretary-General (A/48/516/Add.1 and A/49/348/Add.2), considerable progress had been made in that regard.

24. The report of the Board of Auditors (A/49/5 (vols. I-IV) and Add.1-9) was the outcome of a thorough review by the Auditors of the management and financial systems of UNDP and of a constructive dialogue during the review process, in which the Board had, inter alia, suggested ways in which UNDP could improve and streamline its operations. The Board had also recognized the complexity and dynamism of the environment in which UNDP operated and its responsibility for multiple tasks and functions, including not only the technical cooperation activities financed by it, but also the coordination of development, humanitarian and disaster relief and related activities in over 130 countries, situations and circumstances. In performing their varied tasks, UNDP country offices supported the operational activities of the United Nations system as a whole. In addition, all of that must be done in a cost-effective manner,

bearing in mind the voluntary nature of UNDP funding and the need to maximize resources. In that connection, it should be emphasized that during the previous and current bienniums, UNDP had applied a policy of budgetary restraints. As the Board had acknowledged, UNDP was rarely a sole actor in its operations; on the one hand, it responded to the needs expressed by Member States and, on the other hand, it ensured partnership with recipient countries and ownership by them of their programmes and projects, for which UNDP was privileged to provide assistance.

25. Several delegations had expressed their concern at the fact that the Board of Auditors had deemed it necessary to qualify its opinion on UNDP financial statements. When reporting on the UNDP financial report and audited financial statements for the biennium ended 31 December 1991, the Board of Auditors had said that a long-term audit plan should be established, in agreement with the Board, that would ensure that each project was audited at least once during its lifetime, and that major projects were audited annually or at least biennially. UNDP had acted upon those recommendations and, in consultation with the Board, had developed a global long-term audit plan regarding national execution. Furthermore, financial regulation 17.2 had been amended to ensure that each project was audited at least once in its lifetime.

26. The long-term audit plan for 1992-1993 had called for the audit of 741 projects in 1992 and 470 in 1993. Audited expenditures for 1992 and 1993 had met and even exceeded the plan. The Board of Auditors had been provided with the appropriate details; it was therefore regrettable that it had maintained the qualification. UNDP would continue to review the matter with the Board.

27. The main challenge for UNDP lay in developing and maintaining oversight and accountability systems while providing adequate flexibility to take new initiatives to meet changing needs and priorities. In accordance with General Assembly resolutions 47/211 and 48/218, the Administrator had placed the highest priority on accountability in the administration of UNDP operations and had emphasized managerial accountability. With that in mind, UNDP had, in October 1993, established a Standing Committee on Personal Responsibility and Financial Liability to review cases of violation of the Financial Regulations and Rules that resulted in financial losses to the Organization. That innovative oversight mechanism was being refined on the basis of experience gained. UNDP would welcome any initiative on the part of the Secretariat in that regard, and was pleased that the work of the Standing Committee had been received favourably by the Board of Auditors.

28. With regard to the comments on procurement made by several delegations, he was pleased to note the Board's view that the UNDP Financial Regulations and Rules provided a sound framework for the conduct of procurement activities, although UNDP was aware that those regulations and rules and related procedures required review and amendment to meet changing requirements. UNDP was also aware of the need to further strengthen its procurement procedures, particularly market studies and the introduction of performance measures, while bearing in mind the need for cost-effectiveness. He was also pleased to report that a comprehensive training programme organized by the Office for Project Services

for all its procurement staff, in which UNDP staff would also participate, would be starting the following month.

29. Regarding the comment on property control made by the Swedish delegation, he was pleased to confirm that UNDP had completed a pilot exercise and was finalizing the Headquarters inventory. As for programme and project management, and in reply to the comment of the German delegation regarding the low delivery rate of 71.5 per cent, he said that it had subsequently been indicated that the percentage quoted did not pertain to UNDP, and informed the Committee that UNDP's project delivery rate had exceeded 80 per cent for the 1992-1993 biennium. In reply to the points made by the Swedish and German delegations on programme and project management, the Board had acknowledged that in recent years, significant events and challenges had arisen for UNDP, largely as a result of exogenous variables including changes in the international development and political environment with consequences affecting the financial structure of development assistance and multilateral development operations.

30. UNDP was implementing a new policy concept and direction. Bearing that in mind, and in order to address the recommendations of the Board, the changes required in UNDP programme management were being addressed through a combination of initiatives intended to strengthen accountability within a framework of decentralized authority. The new initiatives were a series of procedural adjustments to facilitate work planning, reporting, monitoring and performance measurement, and the introduction of measures to improve programme and project quality. A comprehensive revision of country office reporting and review procedures would be introduced by the end of 1994. Similarly, a revised monitoring and evaluation system which would link feedback and lessons learned with management decisions would be implemented over the following two years.

31. At the same time, UNDP was actively engaged in the development of a communications and information technology strategy to support programming systems, in order to facilitate the achievement of results as well as to provide monitoring which would discharge part of the Administrator's responsibilities. The strategy was being implemented on a priority basis in the context of two major systems, the Integrated Management Information System (IMIS) and the Integrated Programme Management System, known as IPM. The latter was designed to address the issues identified by the Board, and consisted of an integrated approach for the development of programme management systems for country offices and Headquarters.

32. Those were by no means the only areas in which UNDP was endeavouring to improve its operations, review its policies and take appropriate action to address the findings and recommendations of the Board of Auditors. UNDP would continue to accord the highest priority to the judicious and timely follow-up and implementation of the recommendations of the Board of Auditors.

33. Mr. ANDO (Deputy Executive Director (Policy and Administration) of the United Nations Population Fund (UNFPA)) said that several delegations, particularly that of Germany speaking on behalf of the European Union and Austria, had raised the issue of the Board's qualification of its audit opinion.

All agencies had made a considerable effort and, according to the Board's assessment, the extent of the problem had been greatly reduced compared to the 1990-1991 biennium. UNFPA would continue to make efforts to that end.

34. The strongest concerns expressed by delegations had related to problems in the area of procurement. He noted that the Board was satisfied with UNFPA procurement of contraceptive and medical equipment; despite the small volume of other procurement, UNFPA had revised its procedures in order to address the findings of the Board. Utmost priority was being given to the further strengthening of the competitive bidding process and improved forward planning in the processing of major transactions. With reference to property control and the possible under-reporting of non-expendable property, he was pleased to inform the Committee of the inventory controls that UNFPA had instituted in the field and at Headquarters. The Auditors had expressed satisfaction with those controls.

35. Regarding programme and project management, UNFPA was fully aware of the need to improve its performance in the areas indicated by the Board, and had taken several initiatives to improve the formulation and implementation of its programmes. An internal task force was currently revising UNFPA guidelines on programme review and strategy development. The revised guidelines would give priority to an improved evaluation of past programme performance and its implications for future assistance. UNFPA had also compiled and issued a comprehensive summary of policies and procedures pertaining to the programme cycle; that document would provide guidance in the proper application of UNFPA guidelines. Increased attention was also being given to the provision of training opportunities for field staff, including the creation of regional refresher courses.

36. All of those initiatives were critical to the successful implementation of the decentralized policy which had taken effect from December 1993. One of the requirements under that policy was the establishment of field-level Project Appraisal Committees whose aim would be to ensure a more vigorous review of project proposals and project strategies. Moreover, UNFPA was striving to facilitate the work of its staff through a streamlining of procedures under new sectoral programme guidelines which were expected to further improve the monitoring of progress in UNFPA-funded activities through the better utilization of monthly output indicators.

37. Over the previous two years, UNFPA had instituted a new system of technical support services aimed at making vital expertise more accessible at the field level. Under that arrangement, eight teams of technical experts had been established in the regions to assist Governments and field offices in the formulation and review of population activities. Those backstopping services had already made a significant contribution to improved programme management by UNFPA field offices.

38. UNFPA appreciated the observations of the Board of Auditors to the effect that the UNFPA information technology strategy had been well conceived and implemented according to plan, to time and to cost. However, UNFPA would

continue to strive for the most efficient and effective application of management information systems in all areas of its activities.

39. UNFPA was confident that the combined effect of those initiatives would greatly enhance its capacity to provide timely and effective assistance in the field of population. It was very encouraged by the attention given to population issues at the International Conference on Population and Development held at Cairo in September 1994. The Conference's Programme of Action would provide excellent guidance in the areas of activity of UNFPA, which was wholeheartedly committed to meeting the challenges and opportunities presented by the process initiated by the Conference.

40. The CHAIRMAN said that the Committee had concluded the general debate on agenda item 104.

AGENDA ITEM 115: UNITED NATIONS PENSION SYSTEM (A/49/9; A/C.5/49/3 and A/C.5/49/7)

41. Mr. MARCUCCI (Chairman of the United Nations Joint Staff Pension Board), introducing the report of the United Nations Joint Staff Pension Board to the General Assembly (A/49/9), said that one of the central responsibilities of the Pension Board was to monitor the actuarial situation of the Fund through actuarial evaluations which were normally carried out every two years. However, as a consequence of the General Assembly's decision to take up pension matters biennially, the most recent valuation had been rescheduled to be as at 31 December 1993.

42. The presentation of the results of the valuation differed in several respects from previous reports. In response to requests made by the External Auditors and several delegations in the Fifth Committee, and in pursuance of resolutions 47/203 and 48/225, the results of the valuation currently before the Committee were presented in dollar terms as well as in the traditional form of percentages of pensionable remuneration. In addition, there were more extensive disclosures as to the net assets available for benefits and the actuarial present value of anticipated retirement benefits. The additional information and disclosures were accompanied by statements of opinion by the Committee of Actuaries and the Consulting Actuary on the sufficiency of the assets to meet the liabilities under article 26 of the Regulations of the Fund and on the actuarial position of the Fund (annexes IV and V).

43. The Board had expressed satisfaction at the arrangements made to respond to the requests of the External Auditors. At the same time, it had concurred with the Committee of Actuaries and the Consulting Actuary that great care should be taken in assessing the results of the valuation in dollar terms so as not to create undue anxieties for participants and beneficiaries as well as for Member States.

44. As in the past, the valuation reflected a fully dynamic basis which assumed that inflation would continue indefinitely in the future and included certain assumptions as to the growth in future years in the number of participants in

the Fund. The assumptions used in the valuation were described in paragraphs 21 to 25 of the report. Under the Regular Evaluation assumptions, the actuarial imbalance had increased by some 0.92 per cent. The elements contributing to the imbalance were set out in paragraph 27.

45. As indicated in paragraph 28, the results of the valuation varied significantly under different sets of economic assumptions. The deficit of 1.49 per cent of pensionable remuneration under the Regular Valuation economic assumption of a 3 per cent real rate of investment return increased to 5.3 per cent under a lower rate of return of 2 per cent; on the other hand, the imbalance became a surplus of 2.52 per cent under a higher real rate of return of 4 per cent. In dollar terms, the deficit under the Regular Valuation was some $1.8 billion; it increased to approximately $10.9 billion under an assumption of a 2 per cent real rate of return; the deficit became a surplus of about $2.2 billion under an assumption of a 4 per cent real rate of return. It should be noted that the annual real rate of return of the Fund over the previous 34 years had been greater than 3 per cent, namely, 3.5 per cent.

46. Because of the wide swings in the valuation results according to differing assumptions as to future economic developments, the Committee of Actuaries and the Consulting Actuary had stressed that great care must be taken when considering the dollar amounts since they reflected projections of benefit liabilities and contributions for individuals who had yet to join the Fund. It was essential to bear in mind that the imbalance did not indicate a shortfall in the Fund's ability to meet its current obligations. Rather, it indicated the potential future effect of continuing the current contribution rate and Pension Plan provisions under certain actuarial assumptions as to future economic and demographic developments.

47. The Committee of Actuaries and the Consulting Actuary had also pointed out that when expressed in dollar terms, the actuarial imbalance should only be considered in relation to the magnitude of the liabilities and not in absolute terms. On that basis, the deficit of $1.8 billion under the Regular Valuation assumptions represented only 4.3 per cent of the projected liabilities of the Fund. The report of the Advisory Committee on Administrative and Budgetary Questions (A/49/576) provided a table showing the evolution of the actuarial imbalance since 1980 which indicated that, with the exception of the results of the 1990 valuation, the imbalance in the latest valuation was significantly smaller than the percentage reflected in the results of all previous valuations since 1980. After assessing the valuation results in conjunction with the trends shown by certain key indicators, the Committee of Actuaries had concluded that there was no need to increase the contribution rate or to take other measures to reduce the actuarial imbalance. The Committee would review the data produced in the following year as well as various aspects of the valuation methodology and would reassess the need for action at the time of the next valuation as at 31 December 1995.

48. Concerning the management of the investments of the Fund, the Joint Staff Pension Board had considered the information contained in the report of the Secretary-General on the investment environment, the investment strategy and

tactics and the investment return during the year ended 31 March 1994. In that regard, the Board had expressed its appreciation for the work of the Investments Committee, the Investment Management Service, the representative of the Secretary-General, and the Global Adviser, which had led to good investment returns over the years. It had also welcomed the successful conclusion of the efforts to ensure that the Fund's assets would be held in the name of the United Nations and would be held separately from the assets of the United Nations and from other assets held by the custodians. It had also stressed that the primary custodial objective must always be the security of the asset and had commended the achievement of enhanced security at reduced cost. The Board had recognized the need to monitor those new arrangements closely and had accordingly requested a further report on the matter for consideration at its 1996 regular session.

49. The report of the Board of Auditors on the accounts and operations of the Fund was contained in annex III of the report of the United Nations Joint Staff Pension Board. In that connection, he noted with satisfaction that the examination of the Board of Auditors had revealed no weaknesses or material errors in the accuracy, completeness or validity of the financial statements as a whole and the Board had therefore placed an unqualified opinion on the financial statements. The auditors had also reported that most of their previous recommendations had been effectively implemented by the Fund's secretariat.

50. In view of the size of the Fund and the scope of its operations, the Board of Auditors had recommended that, in addition to the audits performed annually by the Panel of External Auditors, suitable arrangements should be made for a separate internal audit function for the overall activities of the Fund. The Pension Board had agreed that internal audits constituted a valuable management tool and should therefore be carried out on a regular basis. After discussing possible modalities for such audits, the Pension Board had agreed that, for the time being, the use of the internal audit services of the United Nations should be explored, with reporting arrangements which respected the inter-agency nature of the Fund, namely, by communicating the results of such audits to the Pension Board through its Secretary. The Pension Board had therefore requested its Secretary to pursue the matter with the Office of Internal Oversight Services of the United Nations and to report thereon to the Standing Committee the following year, in the context of the proposed budget for the biennium 1996-1997, and to the following regular session of the Board in 1996.

51. With respect to the recommendation of the Board of Auditors on the procedures for verifying continuing eligibility for benefits from the Fund, the Board had requested the secretariat of the Fund to explore new technologies and procedures aimed at strengthening the verification process. The secretariat had already initiated inquiries with a number of international and national pension and social security schemes to obtain information on their practices. It had also introduced a number of changes in the format of the Certificates of Entitlement sent to beneficiaries and in the procedures for their distribution and review.

52. On the question of administrative expenses, the Board had considered the expenses for the biennium 1994-1995 and had decided to request additional resources in the amount of $390,200, chargeable to the Fund. That request related primarily to the need to recalculate more than 850 benefits of former General Service staff because of retroactive revisions to the 1991, 1992 and 1993 salary scales at Geneva, in compliance with the judgement of the Administrative Tribunal of the ILO.

53. Pursuant to General Assembly resolutions 46/192 and 47/203, the Pension Board had proposed amendments to article 54 of the Fund's Regulations, the texts of which were contained in annex XIV of the report, in order to update its provisions and to fill certain lacunae which had been identified in recent years. Those amendments would incorporate the most recent scale of pensionable remuneration for staff in the Professional and higher categories and would add provisions governing the pensionable remuneration of ungraded officials, including the executive heads of member organizations which were participants in the Fund, the pensionable remuneration of staff in the United Nations Field Service category, and the pensionability of longevity or merit step increments which were granted to their staff by certain member organizations and which went beyond the normal maximum salary scales.

54. With regard to the pension adjustment system, and also pursuant to General Assembly resolution 46/192, the Pension Board had focused particular attention on four issues which it had agreed to study in light of the longer-term modification of the system which had entered into effect on 1 April 1992. Following its first assessment of the actual costs of that modification in the context of the most recent valuation of the Fund, the Pension Board had noted with satisfaction that the cost estimate of 0.26 per cent of pensionable remuneration made by the Consulting Actuary was in line with the 1991 estimate of 0.3 per cent. The Pension Board had agreed to monitor actual costs on the occasion of future valuations of the Fund. With regard to the possible changes in the special index for pensioners, both the International Civil Service Commission (ICSC) and the Board had decided to defer consideration of the matter. In addition, the Pension Board had referred to a contact group two issues which had given rise to differences of opinion during the initial discussions in the Board, together with two others concerning actuarial issues, on which no agreement had been reached. The Board had finally reached a consensus to present those issues as a package of four measures in which: (a) it recommended to the General Assembly a lowering of the 120 per cent cap to 110 per cent for participants retiring on or after 1 July 1995; (b) it recommended to the General Assembly the application of the 1 April 1992 modification to staff in the General Service and related categories, with effect from 1 July 1995, and the introduction of corresponding changes in the schedule of special adjustments for small pensions, also from the same date; (c) it retained the current 6.5 per cent interest rate for determining the amount of lump-sum commutations, with the rate to be reviewed again by the Standing Committee the following year, and requested the Committee of Actuaries to construct an updated unisex mortality table, based on the longevity expectations utilized in the valuation as at 31 December 1993, for approval by the Standing Committee and implementation with effect from 1 July 1995; and (d) it would make

the years of contributory service beyond 35 creditable, at an accumulation rate of 1 per cent per year, subject to a maximum benefit accumulation rate of 70 per cent, with effect from 1 July 1995 and using the method described in paragraph 75 of the report.

55. The Consulting Actuary had estimated that the net effect of those four measures would be a reduction in the actuarial costs of 0.04 per cent of pensionable remuneration. He hoped that the Committee would consider and approve the four measures as a package, in the interest of the unity and harmony of the common system. While he recognized that it was particularly difficult for the representatives of participants to join in a consensus when some of the measures were not favourable to them, he hoped that during the informal consultations on the draft resolution to be adopted by the Committee, delegations would bear in mind the spirit of constructive participation and compromise among the interested parties which had characterized the work of the Board in recent years.

56. With regard to the admission of the International Centre for Genetic Engineering and Biotechnology (ICGEB) as a new member of the Fund with effect from 1 January 1996, the governing body of the Centre had recently adopted staff regulations, rules and salary scales which were being reviewed by the secretariat of ICSC in order to ensure that they reflected adherence to the common system. The Board had also approved, subject to the concurrence of the General Assembly, agreements for the transfer of pension rights between the Fund and the retirement plans of the Asian Development Bank and the European Bank for Reconstruction and Development, the texts of which were set out in annex VII to the report.

57. On the subject of the interpretation and application of the transfer agreements between the Fund and the former Union of Soviet Socialist Republics (USSR), the former Ukrainian SSR and the former Byelorussian SSR, he wished to draw particular attention to paragraph 251 of the report, which reproduced excerpts from the letter of the Secretary of the Board to the Vice-Prime Minister responsible for social matters in the Russian Federation setting out the basis for the grievances of the former UNJSPF participants. While the Fund had discharged its obligations under the agreements by transferring to the Social Security Fund of the former USSR the actuarial value of the pension rights accrued by former participants during their participation in the Fund, the amounts involved had not been taken into account in determining the amount of their national pension benefits, as provided for in the agreements. Before meaningful progress could be achieved in the solution of those problems, the Governments concerned must demonstrate their readiness to redress the grievances of former participants. Towards that end, the secretariat of the Board had initiated another series of contacts with the Permanent Representative of the Russian Federation to the United Nations and with the Vice-Prime Minister. The Secretary-General of the United Nations had also raised the matter with the Foreign Minister of the Russian Federation. The Vice-Prime Minister had informed the Secretary of the Board that a working group composed of high-ranking officials representing relevant ministries and agencies of the Russian Federation as well as representatives of the Moscow Association of

Former International Civil Servants had been established with a mandate to develop proposals for possible negotiations with the Joint Staff Pension Fund. The General Assembly could add impetus to the process of finding a solution by specifically addressing that matter in its resolution on the question.

58. In conclusion, he hoped that the resolution adopted by the Committee and forwarded to the General Assembly would approve the Board's recommendations which were summarized in the draft resolution contained in annex XVI of the report.

59. Mr. CONNOR (Under-Secretary-General for Administration and Management), introducing the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund (A/C.5/49/3) said that, pursuant to the decision of the General Assembly in 1992 to take up pension matters biennially, no report on the subject had been submitted in 1993; consequently, the report now before the Committee covered the period from 1 April 1992 to 31 March 1994.

60. The report was similar in format to the reports of earlier years so that members of the Committee would have a basis for comparison. After a brief introduction, section II discussed the economic and investment conditions that had prevailed during the period under review. Section III dealt with the investment return of the Fund. Considering the slow-down in economic growth in some major industrialized countries and the recession in others, the volatility of the financial markets and, in general, the fluctuations in exchange rates, the investment returns, for the periods ending, respectively, on 31 March 1993 and 31 March 1994 could be considered satisfactory, based on the actuarial assumption of a 3.0 per cent real rate of growth of return. Table 1 showed the nominal and real rates of return for the previous 5, 10, 15, 20 and 25 years, as well as the return for the previous 34 years (the historical return) for which comparative data were available.

61. Section IV dealt with investment diversification; the chart in paragraph 12 showed the changes which had taken place in the various sectors of the Fund's assets during the two-year period. It was to be noted that the Fund's exposure to equities had been increased from 47 per cent to 55 per cent and that the bond portion of the portfolio had been reduced from 37 per cent to 33 per cent. The proportion in cash and short-term reserves had declined from 7 per cent to 6 per cent, while exposure to real estate had declined from 9 per cent to 6 per cent.

62. Section V, which dealt with the implementation of General Assembly resolutions, reviewed the status of investments in developing countries. The Secretary-General continued to implement the resolutions adopted earlier by the General Assembly and the book value of development-related investments had increased by 13.9 per cent. Table 2 of the report showed the progress made in increasing investment in developing countries and development-related institutions since 1989, while table 3 gave more details concerning the two-year period.

63. Section VI contained a special report on the new custodial arrangements for the investment assets of the Fund. Since the Fund's inception in 1946, its investment assets had been in the custody of one global custodian. As of 30 June 1994, the previous arrangements with a single global custodian had formally ended and new custodial arrangements were now in place with three regional custodians. As the Fund continued to grow, a structure would be in place which would ensure efficient and safe investment management and operations, at reduced costs. Finally, section VII contained the conclusions of the report.

64. He drew the Committee's attention to tables 1 to 4 in the annex which contained a great deal of statistical data and an overview of the investments. The Fund had continued its policy of diversification of its investments, not only by geographical region but also by currency. It had also continued its defensive strategy whereby profits had been realized and reinvested in order to take advantage of the volatility of the financial markets during the period under review. The main purpose of diversification and the defensive strategy was to protect the principal of the Fund against unpredictable fluctuations in financial markets.

65. The world economy appeared to be entering a period of stable growth and low inflation which might benefit the equity markets. The Fund had therefore continued, cautiously and selectively, to build up its equity portfolio. Historically, equities had outperformed other types of investments in the long term. Nevertheless, the Fund would continue to maintain a stable level of fixed-income securities with high yields in order to ensure a steady stream of income.

66. Like his predecessors, he considered that the investment strategy of the Fund should be viewed from a long-term perspective. The advantages of adopting a more aggressive short-term investment policy would not be significant for a fund such as the United Nations Joint Staff Pension Fund, which had long-term objectives and liabilities in several currencies. The management of the Fund was geared to maintaining a balance between risk and reward in the medium to long term, rather than to taking the risks inherent in seeking very high short-term returns. Any assessment of the Fund's performance should therefore be on the basis of longer periods, of at least five years.

67. During the past two years, the world financial markets had experienced a period of volatility which seemed likely to continue. However, largely because of the policy of geographical, currency and asset diversification and the defensive strategy to which he had already referred, the Fund was well positioned to meet the uncertainties and volatility of the markets. Each year, a different combination of factors and asset categories contributed to the performance of the Fund, underlining the benefits derived from the diversification of the Fund's investments, which evened out and enhanced investment returns over the longer periods.

68. In conclusion, he said that the management of the Fund's investments would continue to be guided by the criteria of safety, profitability, liquidity and

convertibility which had been endorsed by the United Nations Joint Staff Pension Board and confirmed by the General Assembly. The management of the Fund would also continue to focus on a strategy geared to the avoidance of undue risk in order to enhance its performance.

The meeting rose at 4.55 p.m.

UNITED NATIONS

General Assembly

FORTY-NINTH SESSION

Official Records

FIFTH COMMITTEE
18th meeting
held on
Monday, 14 November 1994
at 3 p.m.
New York

SUMMARY RECORD OF THE 18th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 113: HUMAN RESOURCES MANAGEMENT (continued)

AGENDA ITEM 114: UNITED NATIONS COMMON SYSTEM

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Distr. GENERAL
A/C.5/49/SR.18
30 November 1994

ORIGINAL: ENGLISH

94-82250 (E)

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The meeting was called to order at 3.25 p.m.

AGENDA ITEM 113: HUMAN RESOURCES MANAGEMENT (continued) (A/C.5/48/37 and Add.1 and A/C.5/48/45; A/49/176 and Add.1, A/49/219 and Add.1, A/49/406, A/49/445, A/49/527 and A/49/587; A/C.5/49/5, A/C.5/49/6 and Corr.1 and Add.1, A/C.5/49/13 and A/C.5/49/14)

1. Mr. CHUINKAM (Cameroon) said his delegation believed that the Organization needed a qualified and motivated staff. In that connection, he expressed full support for the statement adopted by the Administrative Committee on Coordination (ACC) at its second regular session in 1994 (A/C.5/49/10); a good personnel policy required a clear and consistent promotion scheme, as well as appropriate financial incentives. The lack of a clearly defined strategy of career opportunities had in the past impaired the ability of the United Nations to find qualified and experienced staff. His delegation therefore welcomed the Secretary-General's intention to conduct a pro-active advertising and recruitment campaign (A/C.5/49/5, para. 33). The principles set out in Article 101, paragraph 3, of the Charter must, however, be respected when personnel contractors were used as a means of recruitment.

2. There was merit in the Secretary-General's proposal regarding the decentralization of human resources management based on appropriate delegation of authority to programme managers throughout the system. His delegation believed that staff members who were unproductive should not be retained. It supported linking staff mobility to promotion and career growth, and welcomed the establishment of a new performance appraisal system based on relating individual staff performance to overall work unit plans. With regard to training, his delegation felt that the knowledge and skills possessed by staff on their entry into the United Nations must be continually developed through a well-planned and systematic training programme available to all staff members.

3. His delegation also attached great importance to gender balance in staffing. He doubted whether the percentage targets could be met by the 1995 deadline at the present pace of recruitment, but acknowledged that some responsibility for the slow rate of progress lay with Member States. He welcomed the Secretary-General's proposals aimed at accelerating the attainment of the targets set in 1992.

4. His delegation was concerned that some Member States were not honouring their obligations to respect the privileges and immunities of United Nations personnel, and that the trend might even continue in the context of the new information-gathering duties given to the staff in the context of preventive diplomacy. His delegation regarded the involvement of the staff in the internal system of justice as a positive sign of transparency in staff-management relations, and welcomed the Secretary-General's announced intention to implement the proposed changes in the management of human resources in the Organization on a tentative basis and to report thereon to Member States. He urged Member States to provide the Secretary-General with the necessary resources to implement the proposals.

5. Mr. COHEN (Israel), responding to the concerns expressed in the report of the Secretary-General (A/C.5/49/6) regarding the detention of staff members of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) in areas under Israeli administration, said that all those listed in the report had been detained on account of their involvement in actions which violated their function as United Nations officials. He emphasized that the mere fact of being a United Nations staff member did not, in and of itself, provide immunity from the legislation in force. In that connection, he drew attention to Article 100, paragraph 1, of the Charter of the United Nations which required staff members to refrain from any action which might reflect on their position as international officials responsible only to the Organization. The involvement of UNRWA staff members in illegal activities jeopardized the Agency's constructive role in promoting the goals set out in the agreements between Israel and the Palestine Liberation Organization.

6. Mr. WILKENS (Sweden), speaking on behalf also of Denmark, Finland, Iceland and Norway, welcomed the detailed proposal submitted by the Secretary-General for a comprehensive human resource management policy for the global Secretariat. He hoped that it would receive the necessary support and cooperation from management and staff at all levels and from Member States.

7. With regard to recruitment, he stressed the need for a reduction in the lead-time in the filling of vacancies, and the responsibility of Member States to make some of their best men and women available for service with the United Nations. A large, complex organization like the United Nations needed to decentralize, and he was therefore gratified to note the vital role given to decentralization in the strategy. He welcomed the concept of the use of foreign service exchange and the proposal for a new fellowship programme for young professionals from under-represented countries. The Nordic countries agreed with the priorities and plans regarding staff training outlined in document A/49/406, as well as the reforms of the internal system of justice proposed in document A/C.5/49/13. While he saw much merit in the new Performance Appraisal System, he cautioned that it could become unnecessarily time-consuming for both managers and staff. He believed that the system should be accompanied by a set of rewards and sanctions, and that buy-outs or agreed separation packages could serve as a positive element.

8. He welcomed the emphasis on staff mobility, which could revitalize both the Organization and individual staff members and lead to a greater sense of unity of purpose. As an employer, however, the United Nations had an obligation to consider the family situation of its employees and to assist dual careers and the employment of spouses, an area in which the introduction of the Integrated Management Information System (IMIS) could make a positive contribution.

9. He noted with concern that the United Nations appeared to be losing its competitiveness with regard to remuneration and conditions of service. It was important that it should be able to attract highly competent and motivated people. Determined efforts should continue to be made to attain the goal of gender balance, especially at the higher levels in the Secretariat. A change of attitude towards women was also required in the Organization's management culture.

10. Not enough had been done to ensure the security and safety of United Nations staff members around the world, and he urged the adoption of the draft Convention dealing with the safety and security of United Nations and associated personnel. He also proposed that the rules relating to compensation for those who had suffered violence or loss of property in connection with their work for the Organization should be reviewed.

11. Finally, he said that, while the proposed new strategy would require an increase in resources, the Organization nevertheless stood to gain from the increased efficiency and savings that would result from its successful implementation.

12. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management), responding to the comments of the Cameroonian representative, said that mobility was highly prized in the Secretariat as a device for both career development and cross-fertilization. With regard to gender balance, he said that, while progress had admittedly been slow, the Secretariat could attain 35 per cent of the targeted level in 1995. He also stressed that the Secretariat saw the use of personnel contractors in the screening, testing and hiring of staff as a means of out-sourcing that made use of networks and resources that were not always available within the Organization itself.

13. In response to the comments made by the Swedish representative on behalf of the Nordic countries, he confirmed that the Secretariat shared their views with regard to recruitment, decentralization and accountability, and said that the new Personnel Appraisal System would provide managers with better tools to ensure accountability. The Secretariat was about to initiate a programme of training in conciliation and negotiation techniques which, together with a system of ombudsman panels to be set up throughout the Secretariat, would enhance the Organization's ability to resolve issues before they became problems requiring the formal machinery of justice.

14. He emphasized that termination for poor performance was not the same as a buy-out; the former, which was not adequately provided for in the current system, required a clear indication of an inability to produce, while the latter was designed to give the Secretary-General the capacity to deal with the situation of senior staff who had been in the Secretariat for too long and were no longer as productive as they needed to be.

15. On the issue of gender balance, he agreed with the Swedish representative's comments regarding the need for a change of attitude in the Secretariat. There should be a greater awareness of the fact that women brought different but equally valuable experiences to the world of collaborative management.

AGENDA ITEM 114: UNITED NATIONS COMMON SYSTEM (A/49/30 and A/49/480; A/C.5/49/7 and A/C.5/49/10)

16. Mr. BEL HADJ AMOR (Chairman of the International Civil Service Commission), introducing the Commission's report (A/49/30), said that the first group of items covered by the report concerned the series of studies on the application of the Noblemaire principle. That subject raised a series of complex and

interrelated issues and it was therefore difficult to progress concurrently on all fronts, since progress in one area hinged on developments in another. The review of the conditions of service of the Professional and higher categories was in abeyance pending a decision by the Commission as to whether the present comparator should continue to be used. He requested the Committee in accordance with General Assembly resolution 46/220, to make an exception to the biennialization rules for the consideration of the Commission's report so that it could submit a comprehensive and technically sound report on the application of the Noblemaire principle to the General Assembly in 1995. In the meantime, substantial progress had been made towards the completion of the review of certain specific elements, namely recruitment and retention difficulties, margin calculation methodology and the inclusion of special pay rates in the margin calculations.

17. The second group of issues related to human resources policy and management. In that connection, he drew the Committee's attention to the set of proposals on performance management, which had been the subject of intensive research and discussion for two years or more. A key element of the package was the establishment of a viable and realistic performance appraisal system; the Commission's recommendations in that connection had been placed in the broader context of performance management. It was gratifying to note that, at the recent session of ACC, the executive heads had collectively reaffirmed their commitment to a strengthened management culture in the organizations.

18. The review of the conditions for the employment of national Professional officers, on which the Commission had held wide-ranging discussions, had resulted in a recommendation for the consideration and adoption by the General Assembly of a revision of the criteria adopted in 1980 for the employment of that category of staff.

19. Under the same heading of human resources policy and management, he drew the attention of the Committee to the issue of appointments of limited duration, on which the Commission's views had been requested in June 1994. The Commission had provisionally agreed that the United Nations might proceed with the pilot scheme and that the United Nations Development Programme (UNDP) pilot scheme could continue. The Commission took the view that that new approach to conditions of service, which was emerging in response to changing management needs, had important implications for the international civil service as a whole, and it intended to take the matter up in greater detail at its summer session the following year.

20. The next group of issues concerned adjustments to maintain the real value of certain elements of the remuneration package for the Professional and higher categories, namely the base/floor salary scale, the upper limit of the education grant for certain currency areas, and dependency allowances. The recommended adjustments were based on established methodologies and the reviews had been carried out in accordance with agreed review cycles endorsed by the General Assembly. The Commission had also reviewed arrangements for the granting of hazard pay to staff required to work in particularly hazardous conditions and had reaffirmed the arrangement that had been introduced in 1984, subject to a rationalization of the basis for determining the amounts of hazard pay.

21. The Commission had also discussed the methodologies for determining the conditions of service of the General Service and related categories, which had been thoroughly reviewed in 1992 and 1993. At the request of the staff representative bodies, the Commission had agreed to re-examine certain specific technical aspects of the methodologies and would revert to that issue at its next session. In that connection, the Commission had, however, noted that the substance of the questions raised by the staff representatives had already been discussed exhaustively at the time of the review and that a case had not been made that would warrant the suspension of the ongoing round of surveys.

22. The Commission appreciated the importance of that issue for the staff and also for staff/management relations and had agreed to reopen it in a spirit of conciliation. It was aware that, on that matter as on others, its decisions did not always meet the expectations of the interested parties. Referring to the criticism that had been directed towards the Commission, he assured the Committee that, since the Commission acted as an independent and impartial body, it was inevitable that it could not always fully satisfy all expectations. He remained convinced that, with understanding and reason on all sides, the difficulties could be overcome.

23. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management) said that the United Nations had participated extensively over the past year in the work of the International Civil Service Commission, whose role in determining the conditions of staff of the organizations of the common system was particularly important at the present time because of the need, in a changing international political climate, for the conditions of service of all staff to keep pace with changes in national administrations, in other international organizations and in the private sector around the world.

24. The Commission's report (A/49/30) presented a cluster of critical issues concerning the application of the Noblemaire principle, which was a crucial concept in the recognition and remuneration of the Professional staff of the common system. At its forty-seventh and forty-eighth sessions, the General Assembly had requested the Commission to study all aspects of the application of the Noblemaire principle so as to bring up to date the way in which the Professional staff were remunerated. In the Administrative Committee on Coordination (ACC) the Secretary-General and the other executive heads had emphasized the problems they faced in attracting and retaining the best staff. The Commission's delay in responding to the repeated requests of the General Assembly was therefore unfortunate and undermined the credibility of the current system. ACC had indicated its concerns in that regard in document A/C.5/49/10, in which, inter alia, it urged the General Assembly to request the Commission to finalize the studies that had been requested.

25. At the same time, he was pleased to note that the Commission had made some positive recommendations, one of which related to an increase in the base/floor salary scale through the consolidation of an equivalent amount of post adjustment. That would maintain the established relationship with the salary levels in the United States federal civil service.

26. During the past year, the representatives of the staff organizations had indicated their disquiet with the current functioning of the Commission, particularly in connection with the revised salary survey methodology for the General Service and related categories. Unfortunately, the Federation of International Civil Servants' Associations (FICSA) had decided to suspend its participation in the work of the Commission. It was important that the methodology adopted by the Commission for application to the organizations of the common system should enjoy the support of the staff and he hoped that FICSA and the Commission would reach an agreement whereby dialogue could be resumed.

27. Among the issues applicable to both Professional and General Service staff, the Commission had made recommendations, which the United Nations strongly supported, concerning the levels of the education grant and hazard pay. The United Nations also strongly supported the initiatives concerning performance management and the appraisal and recognition of performance, as well as the action taken by the Commission in connection with appointments of limited duration.

28. In its resolution 48/224, the General Assembly had requested the Secretary-General and the executive heads of the other organizations of the common system to consider a number of issues concerning the decisions of the Administrative Tribunals. The report of the Secretary-General on that matter (A/49/480) contained several proposals to meet the concerns of the Assembly, for example, with regard to the rules of procedure of those Tribunals.

29. In conclusion, he said that the organizations of the common system were concerned about the way the system was working. There had been an impression that the core concerns being expressed by the executive heads were not being addressed with the urgency and understanding that was required. The organizations looked forward to working more closely with the Chairman, members and staff of the Commission. Such collaboration was essential if the organizations were to be effective in fulfilling their mandates in response to the concerns of the Member States.

The meeting rose at 4.30 p.m.

UNITED NATIONS

General Assembly

FORTY-NINTH SESSION

Official Records

FIFTH COMMITTEE
19th meeting
held on
Tuesday, 15 November 1994
at 10 a.m.
New York

SUMMARY RECORD OF THE 19th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 113: HUMAN RESOURCES MANAGEMENT (continued)

AGENDA ITEM 112: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued)

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Distr. GENERAL
A/C.5/49/SR.19
6 December 1994
ENGLISH
ORIGINAL: FRENCH

94-82274 (E)

The meeting was called to order at 10.25 a.m.

AGENDA ITEM 113: HUMAN RESOURCES MANAGEMENT (continued) (A/C.5/48/37 and Add.1, and A/C.5/48/45; A/49/176 and Add.1, A/49/219 and Add.1, A/49/406, A/49/445, A/49/527 and A/49/587; A/C.5/49/5, A/C.5/49/6 and Corr.1 and Add.1, A/C.5/49/13 and A/C.5/49/14)

1. Mr. OUMMIH (President of the Staff Union) said that, as it prepared for its fiftieth anniversary, the United Nations was undergoing unprecedented change, which could not fail to have a significant effect on the staff. Since a colleague would be addressing the Committee at a later meeting on issues relating to the common system, he would concentrate on the working conditions of the Secretariat staff.

2. No one disputed the essential role that the staff played in the proper functioning of the Organization. It was to be hoped, therefore, that the spirit of cooperation and consultation displayed in the report of the Secretary-General entitled "A strategy for the management of human resources of the Organization" (A/C.5/49/5) would enable the staff and the Administration to resolve issues to the satisfaction of all. He wholeheartedly supported the proposals put forward in the report, particularly those pertaining to training and its application to career development and to accountability for all staff members.

3. One of the most important changes would be the introduction early in 1995 of a new Performance Appraisal System in the Secretariat. The Staff Union had been calling for such a revision for a long time, but considered that the right to rebuttal should be preserved in the future system, as was the case in the United Nations Development Programme (UNDP). It was in favour of a reform of the internal system of justice that would make for an open, fair system that would speed up procedures, but warned against hasty implementation, without consultation, of the steps that would be taken. It also suggested that the Committee should contemplate the possibility of merging the Administrative Tribunal in New York with the Administrative Tribunal of the International Labour Organization, which would result in savings to the Organization and in a unified jurisprudence.

4. The Staff Union obviously welcomed the Secretary-General's strategy of maximum sharing of information and better communication as part of a new management culture, a strategy which had already had a positive effect on staff morale. While delegation of authority in conjunction with genuine accountability could prove effective at the local level, it should not be taken too far because of the inherent dangers. In any event, responsibility for all aspects of personnel policy and for the granting of exceptions should remain with the central management.

5. It was to be hoped that the General Assembly would approve the necessary funds for the training of managers responsible for the new personnel management and accountability systems. Untrained managers had cost the Organization far more than the amounts needed to revitalize management. The Staff Union would

help in any way necessary to effect those changes. Senior officials must be held to equally strict standards of accountability as the rest of the staff, which had not been the case in the past. In that context, the Staff Union recommended that the 1954 Code of Conduct should be revised, as proposed in the report of the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1), but with staff participation. It was concerned about the double standards used by the Administration, which spoke about monitoring, evaluation and so on when referring to management, but of sanctions and disciplinary measures when referring to the staff. Responsibility and accountability would be fostered not by applying sanctions and disciplinary measures but by improving, among other things, control and reporting, consultation with staff representatives and dissemination of information and rules.

6. The situation of staff in the General Service and related categories was a veritable time bomb. Their salaries had been frozen since 1989 and the career development plan approved in 1986 had still not been implemented, with the result that hundreds of staff members were blocked at the top of their level with no possibility of promotion. A few years previously, there had been a proposal to grant personal promotions to staff at the G-5 and G-4 levels who had been at the top of their level for over 10 years, subject to sufficiently long service and satisfactory performance, but that proposal, as well as the proposal for the addition of another longevity step, was still pending. The placement and promotion system introduced in 1993 also needed reviewing to make it fairer and more transparent.

7. Opportunities for the promotion of staff in the General Service and related categories to the Professional category were 50 per cent less than in 1979; the ratio of available P-1 and P-2 posts (70 per cent for external candidates as against 30 per cent for internal candidates) was discriminatory and contravened staff regulation 4.4 on recruitment. Staff members in other categories were not subject to any quota when applying for posts at a higher level. The Staff Union wholeheartedly supported the proposal by the Office of Human Resources Management that it should initiate a triennial review of the career situation of staff members who had not been promoted under the current system, as well as the request for an increase in the proportion of P-2 posts available for the promotion of staff in the General Service and related categories from 30 to 40 per cent. Notwithstanding those measures, however, the overall need to maintain two distinct categories of staff members should be reviewed and consideration should be given to the establishment of a single category of international civil servants.

8. With regard to the salary survey being conducted by the International Civil Service Commission (ICSC), the Staff Union had requested, through the Coordinating Committee for Independent Staff Unions and Associations (CCISUA), a review of the methodology employed, in the light of the negative results of the surveys conducted in Paris and Montreal. Should ICSC fail to respond positively to that request, the Staff Union might be compelled not only to withdraw from participation in the current salary survey, as the staff in Geneva and Rome had already done, but also to suspend its participation in the Commission's work.

The staff in the General Service and related categories, who formed the backbone of the Secretariat, deserved better working conditions, increased recognition and genuine career opportunities. The Organization must set an example in that regard.

9. While he was gratified to note that relations between the Administration and the staff had improved in the previous six months, he could not say the same about the security and safety of staff on mission. In the past two years, 86 civilian staff members had been murdered and yet no one had been brought to justice. Referring to the draft convention on the safety of United Nations and associated personnel currently before the Sixth Committee, he reiterated the request he had made to the Administrative Committee on Coordination (ACC) that the draft convention should cover all personnel, civilian and military, working directly or indirectly for the United Nations, not only with peace-keeping operations but also with humanitarian missions and electoral assistance and other operations.

10. He regretted that calls for the appointment of staff counsellors in mission areas with more than 1,000 staff had not been heeded. Moreover, the hiring of international contractual personnel in the United Nations Protection Force (UNPROFOR) who performed the same job but received different pay because they came from different countries or were part of different teams led to discrimination which should be ended urgently.

11. Referring to the recent administrative instruction on the reporting of inappropriate use of United Nations resources, he believed that there were better ways of improving the functioning of the Organization, such as strengthening the Staff Incentive Programme and helping to monitor the implementation of winning proposals, which were the measures proposed by the Joint Inspection Unit in document A/48/420. The Staff Union supported the Secretary-General's strategies for improving the status of women in the Secretariat. It was unacceptable that, despite years of discussion about improving the status of women, in the Secretariat itself so many qualified women should be blocked at the G-5 and P-5 levels for 10 years and more.

12. In conclusion, he was confident that the spirit of cooperation which inspired both staff and the Administration would permit the Organization to effectively achieve its goals.

AGENDA ITEM 112: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/C.5/49/31); A/C.5/49/L.4/Rev.1)

13. Mr. MAYCOCK (Barbados), introducing draft resolution A/C.5/49/L.4/Rev.1 concerning the establishment of an ad hoc working group to study the implementation of the principle of capacity to pay as the fundamental criterion in determining the scale of assessments, said that the Spanish-speaking delegations had pointed out that paragraph 5 of the Spanish text of the draft resolution was not consistent with the English text and that they would communicate to the Secretariat the wording that should be used. He recalled that the consultations on the establishment of the working group, which took

place within the framework of efforts aimed at making the method of determining the scale of assessments more stable, simpler and more transparent, had been taking place since the forty-seventh session of the General Assembly. For various reasons, they had failed until now to yield a consensus.

14. Under the terms of the draft resolution, the General Assembly would establish an ad hoc intergovernmental working group of experts to study all aspects of the implementation of the principle of capacity to pay. The composition of the working group of experts had been discussed at length during informal consultations and it had finally been decided that the President of the General Assembly would be entrusted with the task of appointing the experts, in consultation with Member States. The working group of experts would be required to submit a report on its work to the Committee on Contributions no later than 15 May 1995, in order to permit the Committee on Contributions to consider it at its June session and to take it into consideration in its deliberations as mandated by section C, paragraph 1, of General Assembly resolution 48/223. Member States were invited to cooperate with the working group of experts by providing it with necessary documents and expert services. On the question of financing - a matter which had also been discussed at length during the consultations - the draft resolution provided that the activities of the working group should be funded within existing financial resources, although Member States were encouraged to make voluntary contributions, especially those States whose experts would be appointed to the working group.

15. The draft resolution proposed was the fruit of long and arduous negotiations and the common view was that it would therefore be preferable for the text to be adopted without a vote and for delegations to keep their comments to a minimum.

16. Mrs. RODRIGUEZ (Cuba) requested that the Spanish version of the draft resolution should be brought into line with the English text.

17. The CHAIRMAN said that, if he heard no objection, he would take it that the Fifth Committee wished to adopt draft resolution A/C.5/49/L.4/Rev.1 without a vote.

18. Draft resolution A/C.5/49/L.4/Rev.1 was adopted.

19. Mrs. RODRIGUEZ (Cuba) said that the adoption of the draft resolution without a vote had been made possible thanks to the flexibility and spirit of cooperation which all delegations had displayed. The Cuban delegation, for its part, had had serious reservations about paragraph 5 of the draft resolution, since it believed that the modalities of the funding of the working group of experts should have been the same as those provided for other similar working groups such as, for example, the working group established by the General Assembly in section III, paragraph 2, of its resolution 48/218. The Cuban delegation had joined the consensus on the understanding that the payment of contributions should not be mandatory for Member States and that the funding modalities set out in paragraph 5 would in no way constitute a precedent. The principle of equality among Member States meant that, whatever their financial

resources, they should all have the possibility of participating in the various ad hoc bodies or working groups which were established. Her delegation reserved the right to refrain from joining in any future consensus on a draft resolution which provided for similar modalities of financing.

20. Mr. KUMAMARU (Japan) expressed the hope that the adoption of the draft resolution would result in a constructive study. For that, it would be necessary for the General Assembly to rapidly appoint the members of the working group of experts to enable them to begin their work without delay, given the short time available to them to complete their task. Provision should also be made for a preparatory phase which would permit the experts to familiarize themselves with the different aspects of the question, so that they would be able to devote most of their work to the discussion of substantive questions.

21. Mr. ALOM (Bangladesh), endorsing the comments made by the representative of Cuba, said that any provision which would tend to limit the participation of Member States in working groups on the basis of financial or other criteria was inopportune. In that regard, the formulation used at the end of paragraph 5 should not constitute a precedent, since its effect could be to exclude certain Member States which might otherwise contribute to the work of the group of experts but lacked the necessary financial resources.

22. Mr. YAMAK (Turkey) said that many questions remained with regard to the classification of countries for the purpose of establishing the scale of assessments. He hoped that the working group of experts would also consider that question, in cooperation with the Bretton Woods institutions.

23. The CHAIRMAN said that, with regard to document A/C.5/49/31, which contained a statement of the financial implications of the draft resolution, the Committee would await the recommendations of the Advisory Committee on Administrative and Budgetary Questions before considering and taking a decision on it. The Committee had thus concluded that part of its consideration of agenda item 112 and he requested the Rapporteur to report directly thereon to the General Assembly.

The meeting rose at 11.15 a.m.